



# EXCERPT FROM THE PROCEEDINGS

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## *Goldwater-Nichols*: Military-run versus Civilian-run Acquisition: Will the Twain Ever Meet in the DoN?

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**Irv Blickstein**—Mr. Blickstein is a Senior Engineer at RAND, has 35 years of experience in the field of Defense analysis and management, with a specialty in planning, programming and budgeting as well as acquisition. For the past eight years, Mr. Blickstein has managed the research of activities of a series of projects in support of the office of the Chief of Naval Operations and the Undersecretary of Defense, Acquisition, Technology & Logistics. Mr. Blickstein's projects have covered a wide variety of topics, including directed energy, unmanned vehicle, reviews of foreign acquisition programs, sea basing and the cost analyses of both ships and aircraft. He has studied the cost of statutory and regulatory constraints in the DoD. Mr. Blickstein serves on the Chief of Naval Operations Executive Panel. He served 31 years in the Department of Defense before joining RAND, 18 years as a Senior Executive and was awarded four Presidential Rank awards.

**Charles P. Nemfakos**—Mr. Nemfakos became a Senior Fellow at RAND after leading Nemfakos Partners, LLC, in supporting public and private sector clients, here and abroad, in dealing with the demands of the emerging defense/security realities and the pressures of the global marketplace. Previously, Mr. Nemfakos was an executive with Lockheed Martin Corporation, directing efforts to rationalize product lines, providing program focus to enhance competitive strategies, and seeking new directions and opportunities for growth among the various Corporation companies by anticipating demands of transformational processes—both in industry and across the customer base. Mr. Nemfakos served in assignments as a budget analyst and as a planner in the Office of the Secretary of Defense and the Department of the Navy. As a Senior Executive in the latter, he served in a variety of financial positions—as Deputy Assistant Secretary for Installations and Logistics, as Deputy Under Secretary, and as Comptroller. During this service, Mr. Nemfakos was responsible for formulation, presentation, and execution of the Department's budget, directing the Department's base closure process, providing executive-level continuity for the Department in areas of institutional management and strategic planning, and supporting privatization initiatives, incentive structures, and right-sizing efforts. Finally, Mr. Nemfakos was the Department's Chief Financial Officer. During the last decade of his career he played a central role in the transformation of the Department after the Cold War. Drawing on this body of experience, Mr. Nemfakos provides research, strategically oriented analyses, support and advice to a broad variety of RAND clients.

Mr. Nemfakos has lectured extensively on public policy in resource allocation, on national security issues, on public administration policy, and on public/private entity relationships. He has served on Boards of Directors and/or Advisors of companies and non-profits, educational entities, as a Senior Fellow at the Center for Naval Analyses, and as an Adjunct at the National Defense University. He is currently the Chair of the Disaster and Humanitarian Relief Committee of SOLE—the International Society of Logistics.

Mr. Nemfakos, in addition to receiving many numerous awards and citations, has been recognized by three Presidents of the United States with four Presidential Rank Awards, by the Secretary of Defense as one of nine Career Civilian Exemplars in the 228-year history of the Armed Forces, by American University with the Roger W. Jones Award for Executive Leadership, and by the National Academy of Public Administration as an elected Fellow.

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### Abstract

In 1986, the military establishment underwent the most sweeping package of defense reforms to be enacted in almost 40 years, starting with the *Goldwater-Nichols Department of Defense Reorganization Act*. Related reforms followed shortly thereafter, including those contained in the *National Defense Authorization Act of 1987*, reflecting many of the recommendations of the Packard Commission. In the two decades following enactment of this legislation, the military establishment has taken numerous steps to



implement them. However, some within the military services have grown increasingly concerned about the effect of some of these reforms, perceiving a growing divide between a military-run requirements process and a civilian-run acquisition process that they regard inimical to the efficient and effective support of military forces.

This study describes analysis done, conclusions drawn and recommendations made to the Department of the Navy (DoN) regarding the closer integration of the interests of the Chief of Naval Operation (CNO), the Assistant Secretary of the Navy for Research, Development and Acquisition (ASN (RD&A)), and the Navy acquisition community writ large to increase material capabilities and readiness at reduced costs. The effort was pursued through an assessment of the implementation of the *Goldwater-Nichols Act of 1986* in the Department of the Navy and related acquisition reforms. It also includes a comparison of the DoN with that of the Air Force and Army.

## Summary

The *House Armed Services Committee Panel on Defense Acquisition Reform: Findings & Recommendations*, dated March 23, 2010, made the following recommendation in its review of DoD acquisition: The Department and Congress should review and clarify the *Goldwater-Nichols Act's* separation between acquisition and the military service chiefs to allow detailed coordination and interaction between the requirements and acquisition processes and to encourage enhanced military service chief participation in contract quality assurance.

The Panel is concerned that the divide established in the *Goldwater-Nichols Act* between acquisition and the military service chiefs has become so wide that it hinders both the acquisition and requirements process. While the fundamental construct in the *Goldwater-Nichols Act* correctly assigned lead responsibility for acquisition to the Department's civilian leaders, the act should be clarified to ensure that the requirements process that must coordinate with all categories of the defense acquisition system freely interacts with the acquisition process. The service chiefs should also be given greater authority and responsibility to oversee contract quality assurance especially for contracts that are highly operational in nature.

The report addresses how the Department of the Navy approached and later instituted the *Goldwater-Nichols Act* in its Acquisition functions. The hallmark of that was to create and increase the divide between those who developed the Departments' requirements and those who went on to procure them. Starting with the change in the officer core that separated officers of the line with acquisition officer and ending with the Department's "Gate" System, the Department has clearly developed parallel processes that are marked by division, discord and a lack of cooperation. The military side, building requirements, and the civilian side, buying the requirements rarely induced each other's point of view in their internal processes. As a result, requirements are sometimes overstated and unexecutable and the procurements process simply builds upon what is directed in the requirements process. The acquisition boards and committees that make decisions are managed by the acquisition executives while the military requirements personnel attend at lower levels than flag rank.

This paper discusses how the Department achieved that position over the years, addresses how the Army and Air Force instituted *Goldwater-Nichols* differently and makes some modest suggestions for change.



## Introduction

The debate over the appropriate roles of the Chief of Naval Operations (CNO) and of the Secretary of the Navy (SECNAV) in the material management process stretches back to the Civil War era.<sup>1</sup> The essence of the debate is the role of uniformed leadership (i.e., the CNO) compared with that of the civilian leadership (i.e., the SECNAV) in determining what warfighting capabilities are required, what systems will be procured to provide these capabilities, how these systems will be supported when introduced into the fleet, and how these systems will be funded. In 1986, the *Goldwater-Nichols Department of Defense Reorganization Act* (US Congress, 1986) weighed in on these roles as a key element in its overall reform of defense organization and processes, giving responsibility for defense acquisitions to civilian secretaries while strengthening joint uniformed oversight over the requirements process.

In the two decades following enactment of this momentous legislation, the military services have taken numerous steps to implement its provisions and to respond to related acquisition reforms. However, some senior Navy officials have grown increasingly concerned about the unintended consequences of these reforms, perceiving a growing divide between a military-run requirements process and a civilian-run acquisition process.

## Objectives and Approaches

RAND examined (1) the policy issues that drove the passage of the *Goldwater-Nichols Act* and related acquisition reforms and (2) the Department of the Navy's (DoN) implementation of these reforms, particularly with regard to their influence on military and civilian roles in the Navy's acquisition process. It describes the context in which the acquisition reform occurred and the effects of that reform on acquisition processes, focusing largely on the Department of the Navy. Drawing on a series of interviews with several officials who were present when the legislation was implemented, it argues that the effect was to focus the attention of the Chief of Naval Operations on requirements issues and to divorce him from the acquisition process in a way that has been detrimental to the effective and efficient acquisition of materiel for the Department of the Navy. It further argues that this separation went beyond what the legislation required and that there needs to be closer integration of the interests of the Chief of Naval Operation (CNO) with the Assistant Secretary of the Navy for Research, Development and Acquisition (ASN (RD&A)) and the Navy acquisition community to increase material capabilities and readiness at reduced costs.

The authors note that this paper deals with more than the *Goldwater-Nichols* legislation and considers several other influences such as the troubled history of the armed forces in coordinating joint operations and influential commissions such as the Packard Commission. These other influences all coalesced in the mid-1980s and created an environment—a perfect storm—that both made the passage of *Goldwater-Nichols* possible and colored its implementation. In essence, the *Goldwater-Nichols* legislation stands as a proxy for these other influences.

To understand the policy issues behind the *Goldwater-Nichols Act* and related acquisition reforms, RAND reviewed literature on the political and economic environment

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<sup>1</sup> See Hooper (1978) and Hone (1987) for a richly detailed, historical examination of this debate.





leading up to these initiatives as well as analyses of Defense acquisition problems.<sup>2</sup> To understand how the DoN implemented acquisition reforms and the effect of this implementation, Navy implementation guidance was reviewed (such as *SECNAV Instruction 5400.15C*) as well as DoD guidance (*DoD 5000.2*), and both former and current DoN officials were interviewed, including officials outside of the DoN deeply involved in implementing *Goldwater-Nichols* and related reforms, including the following individuals: two Secretaries of the Navy, an Assistant Secretary of the Navy/Research, Development and Acquisition (ASN (RD&A)), Chief of Naval Operations, a Deputy Chief of Naval Operations/Logistics, a Navy General Counsel and Deputy General Counsel, a Vice Chairman, Joint Chiefs of Staff, two Undersecretaries for Defense/Acquisition, Technology and Logistics (USD (AT&L)), Systems Commanders (NAVAIR and NAVSEA), Program Executive Officers (Ships, Tactical Air, and Submarines), and Program Managers.

RAND also interviewed former US Army and US Air Force senior uniformed and civilian officials to compare their implementation of *Goldwater-Nichols* in those services and the effect of other reform influences with that of the DoN's. A synthesis of their views are captured and presented.

There is an inherent limitation in this approach: in terms of sheer numbers, as not very many people were interviewed, and those interviewed provided their recollections of events that happened more than 20 years ago. That said, those that were interviewed were key players during the implementation and are reporting first-hand experiences. Also, because they were interviewed them separately, the authors were able to crosscheck one account with another. Furthermore, much of our discussion with them revolved around the effect of that implementation, and those interviewed are uniquely qualified to analyze the effect of the legislation on the processes and the implications of the divide between the requirements and the acquisition processes.

## The Context of *Goldwater-Nichols*

The passage of the *Goldwater-Nichols Act* culminated in 1986—the result of operational, organizational and fiscal pressures that had been building for a number of years and, indeed, continued after the act was passed. These pre- and post-enactment events are important because they provide the context in which legislation was passed and implemented in the Department of Defense and the military services. This chapter briefly describes these forces and their significance in the crafting, passage, and implementation of the legislation.

### Timeline

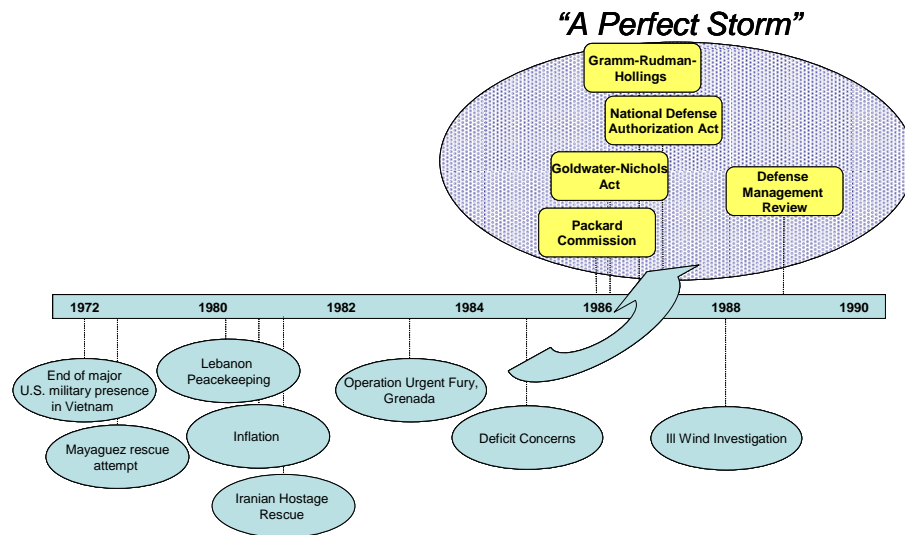
Figure 1 portrays the timeline of events that occurred before, during, and after the passage of *Goldwater-Nichols*. The timeline underscores several points. First, the forces that eventually called *Goldwater-Nichols* into being began decades before the act was passed. Second, these forces manifested themselves in quite different venues: operational performance of US military forces, the performance of the system that governed the

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<sup>2</sup> Analyses included the Defense Management Review (1989), the Packard Commission report (1986), the Joint Defense Capability Study (2004), the Defense Acquisition Performance Assessment Report (2006), and assessments conducted by the Center for Strategic and International Studies and the Government Accountability Office.



acquisition of military weapons and weapons systems, and the behavior and practices of those who operated in that system. Third, a remarkable number of important events occurred in a five-year period, 1985-1990, that built an almost unstoppable momentum to ensure that long-standing issues would finally be dealt with in a systematic way. In this case, the effect of the whole far exceeded that of the parts. The sections below briefly describe the events that contributed to the eventual Perfect Storm.<sup>3</sup>



**Figure 1. Events Contributing to the Context of Goldwater Nichols**

### The Context in Summary

The operational problems of the US military impelled Congress to change how the services selected personnel for assignment to joint duty and to change the entire military command structure. Poor acquisition outcomes and instances of fraud hardened congressional resolve to take steps in that arena as well. No single event necessarily led to the creation and passage of the *Goldwater-Nichols Act*. However, the combination of them, especially the ones that occurred in close succession in the latter half of the 1980s, contributed to the construction and passage of various legislation, the internal approaches regulation and to implementing that legislation and, subsequently, to the continuing resolve to ensure continual implementation of these various legislative provisions and regulations even in the face of emerging, unforeseen consequences. The next chapter describes how military acquisition was done before and after *Goldwater-Nichols* to provide a way to assess the nature of scope of the changes that legislation directed.

<sup>3</sup> The phrase "perfect storm" is used to describe an event in which a rare combination of circumstances exacerbates a situation drastically. It was also the title of a 1997 book and a 2000 movie adapted from the book.





## *The Goldwater-Nichols Act and the National Defense Authorization Act of 1987*

This chapter briefly describes the main players in the enactment of *Goldwater-Nichols* and the key provisions of the act. It also discusses the *National Defense Authorization Act of 1987*.

### **Key Players**

In 1985, Senators Barry Goldwater and Samuel Nunn brought many of the issues described in Chapter 2 to the attention of the Congress in a series of energetic floor speeches designed to garner political support for reform. An interesting and important perspective on staff roles was articulated in views expressed by Senator Goldwater. Nunn and Goldwater were joined in their efforts by Representative William F. Nichols in the House of Representatives. In Senate floor speeches, Senator Goldwater addressed what he perceived as the misguided financial focus of the military: “Our professional officer corps frequently behaves more like business managers than warriors.” He also expounded on the issue of the civilian control in the military establishment: “[A] major problem created by the functional structure of OSD is that it encourages micromanagement of Service programs . . . it has the tendency to get over-involved in details that could be better managed by the Services.” Two major points reflective of earlier reports on military operations were the following:

- First, there was the lack of true unity of command, and second, there was inadequate cooperation among US military services when called upon to perform joint operations (Anno & Einspahr, 1988).
- The preferred advice [from the Joint staff] is generally irrelevant, normally unread and almost always disregarded (US Congress, 1986).

Senator Nunn expanded on the issue of structural alignment: “The Office of the Secretary of Defense is focused exclusively on functional areas, such as manpower, research and development, and installations and logistics. This functional structure serves to inhibit integration of Service capabilities along mission lines, and thereby, hinders achieving DoD’s principal organization goal of mission integration” (“Defense Organization,” 1985).

### **Key Provisions of *Goldwater-Nichols***

The two Senators led the effort to draft the *Goldwater-Nichols Act*, which was signed into law in 1986; it made major changes in four broad areas: the chain of command and provision of military advice to the civilian leadership, the interaction of the military services, the personnel management of officers, and the acquisition of military equipment. The bill passed with wide bipartisan support, passing the House of Representatives, 383-27, and the Senate, 95-0. It was signed into law by President Reagan on October 1, 1986 (Goldwater-Nichols Act, 2010).

Each of the several key aspects of the *Goldwater-Nichols Act* addressed below had important ramifications for the DoD writ large, but their implementation in the DoN had consequences not fully understood at the time and as are more fully discussed in Chapter 5, in all probability not intended. The first two had an effect to disorient, the latter two served to disenfranchise.



## **The Chain of Command and Provision of Military Advice to the Civilian Leadership**

In a key provision, military advice to civilian authority was streamlined and centralized in the person of the Chairman of the Joint Chiefs of Staff (CJCS), who became the principal military advisor to the President, the National Security Council and the Secretary of Defense. Previously, the chiefs of the individual services performed many of these roles. The CNO, for example, was the advisor to the President for naval matters. Further, the act established the position of Vice Chairman of the JCS, and increased the ability of the Chairman to direct overall strategy, while providing greater command authority to "unified" and "specified" field commanders.<sup>4</sup>

### **Interaction of the Military Services**

The act also effected a sea change in service interactions by diminishing the role of the service chiefs and restricting the military services' operational control over forces, emphasizing their responsibility to support the Military Department secretaries in their Title 10 vote to "organize, train and equip" military forces for use by the combatant commanders. The services became "force providers" to the unified commanders (called the CINCs for Commanders in Chief). Their mission was to provide suitably trained and equipped forces to the CINC, which he requested through the Joint Staff. The CINC could be from any service, but he had authority to request assets from any service through the joint system (Nardulli, Perry, Pirnie, Gordon, & McGinn, 2002).<sup>5</sup>

These first two unraveled relationships, at least within the DoN, had developed and evolved for over 50 years. That is not to say that change is impermissible, but in this case, there was no clear sense of the nature of the new role to be played by the Service Chief; it was rather a product of what he wasn't to do.

The latter two went to the heart of the opportunity for operational personnel (officers of the line) to participate in acquisition matters and frankly, even if they desired to play a role. In Chapter 5, RAND will address the cultural manifestations of these changes.

### **Personnel Management of Officers**

Another significant but more subtle change was the direction that an officer could not receive promotion to flag rank without having had a joint duty assignment.<sup>6</sup> Underlying this requirement was the perception on the part of lawmakers that the services were reluctant to send their best officers to joint duty assignments, preferring to keep them in their own ranks. Indeed, a joint duty assignment was perceived by many as a backwater and an indication that an individual's military career was not progressing well. Officers resisted going to such

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<sup>4</sup> Unified commanders had geographical responsibilities, e.g., the Pacific area. Specified commanders had functional responsibilities, e.g., Strategic Air Command.

<sup>5</sup> CINC (now COCOM) requests go to the Joint Staff, which then coordinates the delivery of requested assets with the relevant service. Requests are not automatically approved, as the case of CINCEUCOM's request for Apache helicopters during the military operations in Kosovo during the effort to topple Serbia's Milosovic illustrate. All four services did not concur with the request, which was ultimately approved by the Secretary of Defense.

<sup>6</sup> Flag rank refers to generals in the Army, Air Force or Marine Corps or admirals in the Navy, so called because those achieving that rank are authorized a flag with the number of stars on it denoting their specific rank, e.g., a brigadier general's flag would have one star.



assignments and, if assigned to a joint billet, tried to leave them as soon as they could. Stipulating that promotion to flag rank could not occur without a joint duty assignment ensured that the services would be willing to assign their best officers to such billets.

### **Acquisition of Military Equipment**

The *Goldwater-Nichols Act* also specifically addressed acquisition issues, giving sole responsibility for acquisition (as part of the assignment of several “functional” areas of responsibility) to the Secretary of each military department. For example, as it pertained to the DoN, Section 1045 stated:

(C) (1) The Office of the Secretary of the Navy shall have sole responsibility within the Office of the Secretary of the Navy, the Office of the Chief of Naval Operations, and the Headquarters, Marine Corps, for the following functions: (A) Acquisition; (B) Auditing; (C) Comptroller (including financial management); (D) Information management; (E) Inspector General; (F) Legislative affairs; (G) Public affairs. (US Congress, 1986, 100 Stat. 1045)

As noted in this chapter, many of these functional responsibilities were already being performed by elements of the DoN Secretariat, unlike the situation in the other military departments. The word “sole” was to contribute to some interpretation of what was meant by the change. The act further stipulated that the Secretary designate a single organization within the Secretary’s office—that is, a Service Acquisition Executive (SAE)—to manage the function of acquisition.

It is noteworthy that even after the legislative changes had been passed, Senator Nunn continued to debate the balance of service and civilian command and control. Relevant to the goal of this project in investigating the role of the Chief of Naval Operations is Senator Nunn’s concern over barriers between the Military Department Secretary and Service Chief:

Another area that was of concern is in the consolidation of the military and civilian staffs in the military departments. The conference agreed to consolidate several functions, such as acquisition, comptroller, inspector general, and legislative liaison, under the Secretaries of the military departments and directed that the service chiefs not set up competing bureaucracies within their staffs. In the conference, I was concerned that we not create an impenetrable wall between the staffs of the Service Secretary and the Service Chief. (“Defense Organization,” 1985)

### **National Defense Authorization Act of 1987**

The *National Defense Authorization Act of 1987* (US Congress, 1987) attempted to fill several policy concerns not addressed by the *Goldwater-Nichols Act*. For example, it addressed the problem of the excessive number of briefings program managers were required to give to get program approval, decreasing them to two: one to the Program Executive Officer and one to either of the DoD or Service Acquisition Executive (depending upon the acquisition approval threshold of the program). It also addressed the need for a streamlined reporting chain from PMs to PEOs to the Senior Acquisition Executive. These and other provisions both in this act and in legislation enacted in succeeding years—the latest being the *Weapon Systems Acquisition Reform Act (WSARA)*—give people proof that we are proceeding in a piece-meal fashion, patching together solutions episodically to



address the crisis of the day. This approach has consequences as will be addressed in later chapters.

## Acquisition Before and After *Goldwater-Nichols*

The primary focus of this paper falls on the Navy. However, changes that occurred in the Army and Air Force are evaluated as well because, in some instances, they responded to the legislation in ways that differed from the Navy (for purposes discussion of the Marine Corps, it falls under the DoN regulations applicable for the Navy), and those differences are illuminating. We first briefly viewed of the processes at the DoD level, and then follow with discussions about the Navy, Army and Air Force. In each of the latter cases, the discussion is guided by the change in service acquisition regulations, which is summarized in tabular form for each service.

### OSD

Before the implementation of late 1980s acquisition reforms and the subsequent streamlining that resulted, each military department had an acquisition organization that included more stakeholders and more steps in the process. The DoD individual with responsibility for most functions that currently reside with the Undersecretary of Defense for Acquisition, Technology, and Logistics (USD (AT&L)) was the Undersecretary of Defense for Research and Engineering. Before 1986, the Secretary of Defense had overall responsibility for DoD Acquisitions. The Secretary of Defense and the Deputy Secretary of Defense presided over milestone decisions (*DoDD 5000.1*, 1986) similar to those that the current “Defense Acquisition Executive” or DAE is responsible for. Following the *Goldwater-Nichols* reforms, the most significant changes for the DoD-level acquisition were that many of the Secretary of Defense’s acquisition decision authorities were delegated to the USD for Acquisitions (USD(A)) and the Director of Small and Disadvantaged Business Utilization now reported to the office of USD(A). Specifically, the USD(A) was designated as the Defense Acquisition Executive. This position is “the principal advisor to the Secretary of Defense on all matters pertaining to the Department of Defense Acquisition System” (*DoDD 5000.1*, 1987). Before the Deputy Secretary and various under secretaries (Research and Engineering, Policy), assistant secretaries (Acquisition and Logistics, Force Management and Personnel, Command, Control, Communications, and Intelligence, and Comptroller), and the Director, Operational Test and Evaluation were responsible for different aspects of the acquisition process. In response to the 1987 *Defense Authorization Act*, *DoDD 5000.1* (1987) also restricted the number of “management tiers” between the program manager (PM) and the DAE. These management tiers were designated as the Program Executive Officer (PEO) and the Service Acquisition Executive (SAE).

### The Navy

#### Navy History and Culture

Each service has its own history and culture, and these profoundly influence how the services operate. In the case of the Navy, one of the signal differences appears in the titles of the chiefs of service. Both the Army and the Air Force are headed by an individual designated as the Chief of Staff, which implies an individual who oversees the workings of a staff and is himself a staff officer. The head of the Navy, however, is designated the Chief of Naval Operations, which implies an individual with operational command, and, indeed, this aspect of the CNO’s office is deeply embedded in Navy history and practice. Of these three



service chiefs, only the CNO held a position in which he was both heavily involved in service operational matters, from the time he was designated as the “Aide for Operations,” and also ultimately served as the principal advisor to the President on such matters. The point is that the CNO historically focused on operational matters.

Up until 1966, the Navy was often informally referred to as “bi-linear,” reflecting the fact that the CNO focused on the operational issues of the Navy with the Secretary of the Navy wholly responsible for the materiel component, including research and acquisition elements. The tension between the military and civilian leadership of the Department of the Navy over materiel matters was longstanding, and historically CNOs had pushed for a greater role in acquisition matters, to include lobbying the President.<sup>7</sup> Organizationally, the chiefs of the Navy’s materiel bureaus reported to the Secretary of the Navy for all materiel matters. In 1966, the Secretary established the Navy Materiel Command (NMC), which was commanded by a senior admiral with extensive operational experience and who reported also to the CNO. This was a major change (one of the tectonic shifts alluded to above), because it placed the CNO directly in the line of materiel—including acquisition—issues. What was bi-linear had become uni-linear in that now both the CNO and the Secretary of the Navy had direct roles in the oversight of those organizations pursuing acquisition matters.<sup>8</sup>

### **Before the Storm**

Acquisition before the passage of *Goldwater-Nichols* was governed by *SECNAV Instruction 4200.29A*, dated May 24, 1985, and entitled *Procurement Executives*. The wording in that instruction made the Secretary of the Navy the de facto “acquisition executive” referred to in subsequent legislation and regulation. It recognized his decision authority for acquisition matters pertaining to the Navy. The instruction designated the Assistant Secretary of the Navy, Shipbuilding and Logistics (ASN (S&L)) as the senior procurement executive and held him responsible for the performance of systems and for managing the career acquisition workforce. He was designated as the focal point for procurement and the logistical systems necessary to support the systems the Navy procured.

The instruction directed the CNO to support the ASN (S&L) in carrying out his duties. During this period, the three major warfare branches of the Navy—air, surface, and submarine—were each represented by a three-star admiral on the OPNAV staff who had direct contact with the systems commanders for material in their warfare area. Each had program officers who maintained liaison with the program managers reporting to the system commanders.

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<sup>7</sup> In a memorandum to the Secretary of the Navy dated March 2, 1934, President Franklin Roosevelt, himself a former Assistant Secretary of the Navy, said:

In my judgment he [the President] would too greatly delegate this power [control of Naval Administration] if he delegated to the Chief of Naval Operations the duty of issuing direct orders to the bureaus and offices. . . . By this, I mean that the Chief of Naval Operations should coordinate to [sic] all repairs and alterations to vessels, etc., by retaining constant and frequent touch with the heads of bureaus and offices. But at the same time, the orders to Bureaus and offices should come from the Secretary of the Navy.

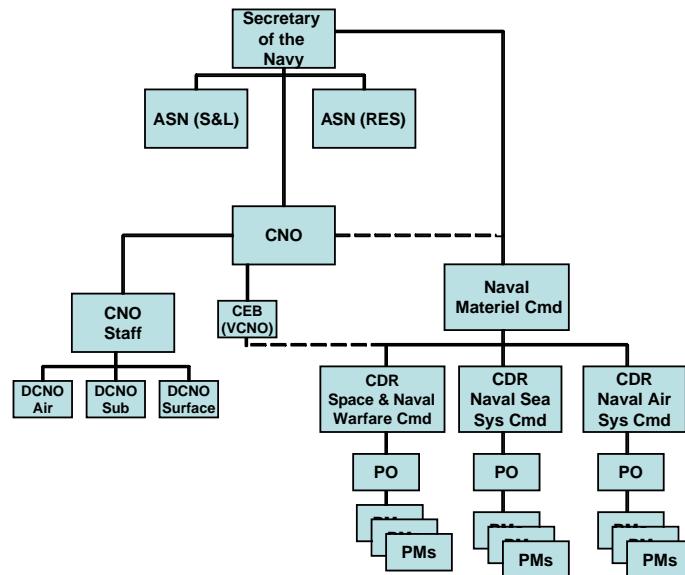
<sup>8</sup> The CNO always had influence in this area by virtue of his control over promotions and assignments, but with the organizational realignment he had directive authority.





The CNO played directly in the procurement process in multiple ways. His most direct role was reviewing all programs going to the Secretary of the Navy for decision. The mechanism for this review was the CNO's Executive Board (CEB, pronounced "KEB"), on which the Vice Chief Naval Office also sat. But, as is discussed below, the system commanders also reported to him through the CEB, giving the CNO another opportunity to engage in materiel management.

While the Systems Commanders reported directly to the four-star commander of the NMC, they also had reporting responsibilities to the CNO and two ASNs (S&L and RE&S) in their areas of responsibility, while coordinating matters through the NMC. The three warfare branch vice admirals on the CNO's staff identified above did the planning and programming for their individual warfare area systems and coordinated with the NMC and the Systems Commands. Programming reviews were carried out through a CNO chartered board. The program managers reported to the Systems Commanders through their functional flag officers. Figure 2 graphically depicts these complex relationships.



**Figure 2. Navy Acquisition before *Goldwater-Nichols***

Although not codified in Navy instructions until later, in 1985, the Secretary of the Navy abolished the NMC, which was another of the tectonic shifts that occurred in Navy acquisition. The Chief of the Naval Material Command was a four-star officer of the line who brought senior level credibility to the materiel establishment and buffered the materiel community when needed. The disestablishment of the NMC eliminated this buffer and started the erosion of the operational credentials of the materiel community that occurred over time and the bona fides of decisions proposed by them. It has been argued that this very ability to argue for differing perspectives was also the proximate cause for the disestablishment of the NMC as was the fact that the NMC comprised another management layer, slowed the decision process, and ran counter to the views expressed by the Packard Commission on lines of authority.

### **Acquisition in the Aftermath of the Storm**





The DoN implemented *Goldwater-Nichols* in two steps. First, it designated the Secretary of the Navy as Acquisition Executive. Second, it attempted to use as many of the existing processes as possible to accomplish the act's intent. Both steps drew fire from the Comptroller General (Conahan, 1989). The DoN's implementing instruction did incorporate language from the *Goldwater-Nichols Act* regarding establishment of a single organization within the SECNAV's office to assume authority over the acquisition system. In doing so, the instruction stated that the CNO and Commandant of the Marine Corps "will execute their responsibilities through the resource allocation process and their input to the acquisition decision-making process."

Implementing the *Goldwater-Nichols Act* imposed important changes on the Navy's acquisition process. In the view of a former Secretary of the Navy, the law simply allowed too much latitude in implementation. For example, a former General Counsel for the Navy and a former ASN RDA interpreted the provision that assigned authority for the acquisition process to the service secretaries as entirely excluding the service chiefs from the acquisition process. However, the first CNO to operate under the new provision said that he had been unclear about his role in the acquisition process. He added that he had been advised not to get involved in acquisition decision-making, but felt that he had to, and had ignored the advice because he was being held "accountable" by the Congress for acquisition failures, such as the A-12 aircraft program.<sup>9</sup>

Different interpretations are also reflected in the different forms that implementation took among the Navy, Army, and Air Force. Each of the military departments implemented the law differently and all came under fire from the Comptroller General for various reasons. The common theme of these attacks was that each service had PEOs (Program Executive Officers) reporting to the applicable military Systems Command structure. Following the GAO report, each severed the PEO structure from the Systems Commands.<sup>10</sup>

Following the passage of *Goldwater-Nichols*, the Navy issued a new instruction, 5430.96, dated August 4, 1987 (and a companion instruction dated August 5, 1987). The instruction designated the Secretary of the Navy as acquisition executive for the Navy. Thus, he held not only program decision authority, but, as Acquisition Executive, he was also responsible for the acquisition process. In support of the Secretary in that role, the ASN (S&L) reported directly to him for acquisition matters. The ASN (S&L) was charged with responsibility for supplying, equipping, servicing, maintaining the Navy's equipment. He had responsibility for acquisition production and support for the Navy and the Marine Corps and to "provide such staff support as the CNO and [the Commandant] each consider necessary." The second instruction, 5430.95 and dated one day after 5430.96, pertained to the ASN (R,E&S). He was responsible for all DoN acquisition except shipbuilding and conversion. He also had responsibility for matters related to research and development. In this role, the Chief of Naval Research reported to him. These instructions also codified the elimination of the Naval Materiel Command.

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<sup>9</sup> The CNO had to deal with the consequences of the unraveling of the A-12 program. In our interview with him, he expressed the view that Congress was demanding answers from him on a range of issues with regard to the A-12 replacement program, the F-18 E/F and that given what had occurred in the A-12, he had to be aware and involved in aspects of program decision-making, both to represent Navy interests and concerns before Congress and to be able to defend Navy resources.

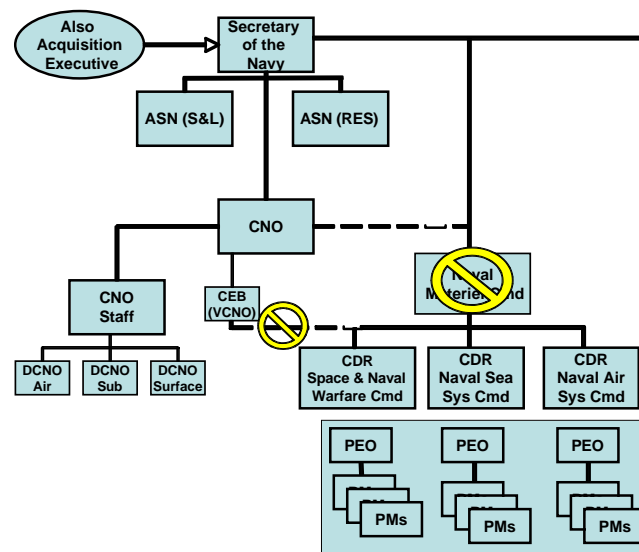
<sup>10</sup> The Army and the Air Force later gained permission from the Office of the Secretary of Defense to place their PEO structure back under their Systems Command.



The most significant change occurred in the role of the CNO. The new instruction divested him of acquisition responsibilities. Rather, 5430.96 charged him with supplying, servicing, maintaining, outfitting and logistic functions. And 5430.95 directed him to formalize and prioritize requirements, conduct test and evaluation, prioritize research, development, test and evaluation, and directed him to provide advice and support to the Secretary. Thus, he became responsible for determining what equipment the Navy needed but not acquiring it. That function was now located wholly in the Secretariat.

Under the provisions of 5430.96, the Systems Commanders now reported to the DoN Acquisition Executive for all PEO matters under the direction of the ASN (S&L). Similarly, the PEOs also reported to the ASN (S&L).

Figure 3 depicts these changes. The bar and circle symbol indicates eliminations, in this case the Naval Materiel Command and the dotted line between the systems command and the CEB, which still existed but had lost any approval authority. Note also that the PEOs no longer report to the System Commanders. They now report directly to the AE, the Secretary himself at this juncture.

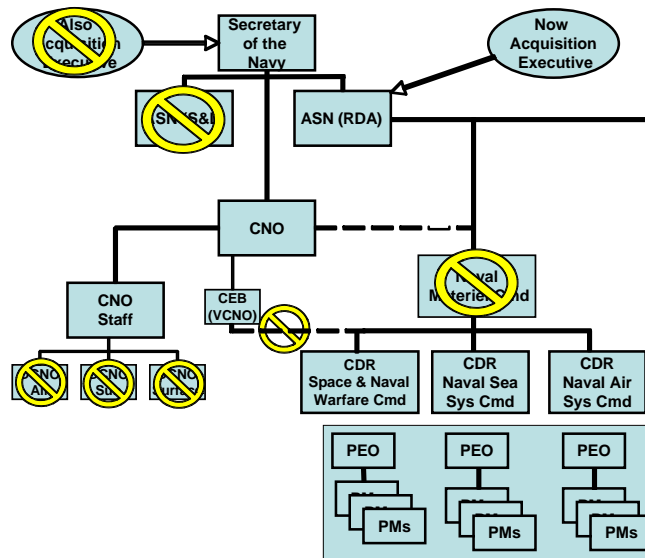


**Figure 3. Navy Acquisition in 1987**

Passage of *Goldwater-Nichols* did not lay to rest all acquisition issues nor were all applicable organizational and process changes implemented immediately. As indicated above, John Lehman, who was Secretary of the Navy from 1981 to 1987, designated himself as the Acquisition Executive. In the view of the Secretary of Defense, that did not accord with the intent of the legislation, and the Secretary and his Deputy pressed the DoN to designate an individual Assistant Secretary as the Acquisition Executive, eventually directing the DoN to make that change. An August 1991 instruction (5400.15), codified the Secretary of Defense's direction, providing that the Assistant Secretary of the Navy (Research, Development and Acquisition) (ASN RD&A) had the full-time role in development and procurement of systems, ensuring that operational requirements were transformed into executable processes. This change was another major shift in the Navy's acquisition processes

The 1991 instruction underscored the CNO's role in determining requirements and establishing a relative priority among them. It also indicated that he might be assigned responsibility for research and development matters and for operational test and evaluation, but it was clear that he could not assign himself a role in those areas. This instruction also codified the elimination of the "warfare branch admirals," and their relationships with the material establishment of the Department.

The instruction charged the systems commanders with the management of programs other than those assigned to a PEO and directed them to provide support services to the PEOs. For their part, the PEOs were directed to report to the ASN (RD&A), and the instruction directed program managers to report to the PEOs. The reporting line from the PEOs now runs directly to the newly named ASN (RD&A) rather than to the Secretary of the Navy. The Secretary retains his approval powers, but not the direct management of the process, for those decisions he is empowered to make.<sup>11</sup> Figure 4 shows this continuing evolution of the Navy acquisition procedures. Key changes shown in the figure include both the changes shown in Figure 3 (elimination of Navy Materiel Command, the reduced role of the CEB, and the formal designation of the Secretary of the Navy as the AE) as well as some additional ones. A key one is that the AE is now the ASN (RD&A), and the PEOs report to him rather than to the Secretary. The position of the ASN (S&L) has been eliminated, as have the warfare branch admirals on the CNO's staff (again, shown by the bar and circle symbol). The chain of acquisition approval flows directly to the ASA (RD&A) rather than to the Secretary.<sup>12</sup>



**Figure 4. Subsequent Changes to Navy Acquisition Procedures**

<sup>11</sup> Decisions about programs that cross certain thresholds in terms of dollars for research and development and procurement must be made at the Department of Defense level. These are referred to as ACAT 1 decisions.

<sup>12</sup> For a relatively few years, the Undersecretary of the Navy was designated as the AE, but the duties were eventually assigned to the ASA (RD&A), where they remain today.



Three instructions were published subsequent to 5400.15 in 1991: 5400.15A in 1995, 5400.15B in 2005, and 5400.15C in 2007. None changed the major responsibilities of the Secretary, the CNO or the Acquisition Executive, although they elaborated on some of the functions. For example, 5400.15B designated the CNO as the principal advisor to the Secretary in the allocation of resources to meet programming and budget processes. In essence, the instruction conferred on the CNO the responsibility to advise the Secretary on what programmatic priorities to assign to the requirements, the development of which was his primary responsibility. He still stood outside the procurement process. *Instruction 5400.15C* charged the CNO to analyze alternatives in conjunction with the ASN (RD&A) before the development phase of a weapon system.

Instructions after 1991 also elaborated on the responsibility of the Systems Commanders and the PEOs. For example, 5400.15A stipulated that the Systems Commanders would exercise the authority of the Acquisition Executive to supervise acquisition programs directly and, notably, reporting to the CNO for execution of programs that *were not* development or acquisition projects. Thus, the wall between the CNO and the procurement process remained intact. PEOs were authorized to act for and exercise the authority of the Acquisition Executive with respect to their assigned programs and maintain oversight of the cost and schedule performance.

### **Summary of Key Changes in Navy Acquisition**

The process of acquiring Navy equipment changed dramatically between 1966 and 1991. Some changes were more gradual than others. The creation of the “uni-linear” Navy took decades, and crystallized with the establishment of Navy Materiel Command in 1966. Its subsequent dissolution in 1985 marked an equally significant shift. However, most key changes occurred as part of the perfect storm of events that centered on the *Goldwater-Nichols* legislation. While the effects of that legislation rippled beyond the procurement process and within the process itself, the most critical ones were the roles defined for the Secretary of the Navy, the Assistant Secretaries, and the CNO. The effect on the CNO was, arguably, the greatest, since the result was his defined exclusion from the procurement process. The Secretary retained his approval power but was forced to delegate responsibility for the process to one of his Assistant Secretaries and subordinate elements of the Systems Commands. The ASN (RD&A) assumed responsibilities previously carried out by the Secretary, even though, as one of the Secretaries of the Navy interviewed opined, only the Secretary had the responsibility and gravitas in all elements of the decision process (requirements, resources and politics) to be able to perform the job well. The creation of the PEOs elevated their importance and visibility in the process while eliminating much technical senior oversight.

## **The Army**

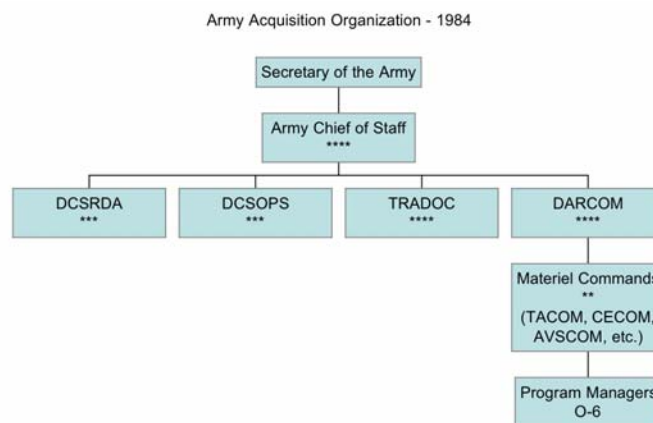
### **Before the Storm**

The Secretary of the Army is responsible for all activities occurring within the department, including acquisition. Indeed, Army acquisition policy (*AR 70-1*) was either signed directly by the Secretary of the Army or “by order” of the Secretary. Before implementation of *Goldwater-Nichols* and the 1987 *Defense Authorization Act* provisions, the Secretary was supported by an assistant secretary who was almost always designated as the Army Acquisition Executive (AAE). In 1984 before the acts, the role of the AAE had been assigned to the Assistant Secretary of the Army for Research, Development, and Acquisition (ASA (RD&A)). At the time, this individual served as an advisor to the Secretary,



chaired the Army Systems Acquisition Review Council (ASARC), and decided whether acquisition programs were ready to progress past key milestones. It appears, however, that the ASA (RD&A) did not directly supervise acquisition programs or personnel, as is currently the case. That duty resided with a uniformed officer on the Army staff, the Deputy Chief of Staff for Research, Development and Acquisition (DCSRDA). Program reviews, officer assignments and program management assignments all emanated from the DCSRDA. This three-star general had the staff to manage the acquisition process and worked with the ASA (RD&A), who had a very small staff.

The executing authority for acquisition programs resided with the Development and Readiness Command (DARCOM). The Army materiel commands, similar to the Navy systems commands, worked for the DARCOM (DARCOM's successor is the Army Materiel Command or AMC). DARCOM's Commanding General reported to the Chief of Staff of the Army (CSA) and the Secretary of the Army. Figure 5 depicts these relationships. Thus, even though the Secretary of the Army was the acquisition decision-maker and he had an assistant secretary who oversaw the acquisition system, by practice, the Chief of Staff of the Army, through DCSRDA and DARCOM, had the greatest influence over acquisition decisions. The Army's ASARC was the body that performed the highest level review function before a Secretary of Army decision (or recommendation in the case of a decision on a given program being made by the Secretary of Defense). The ASA (RD&A) and the Vice Chief of Staff of the Army co-chaired this council.



**Figure 5. Army Acquisition before *Goldwater-Nichols***

### **After the Storm**

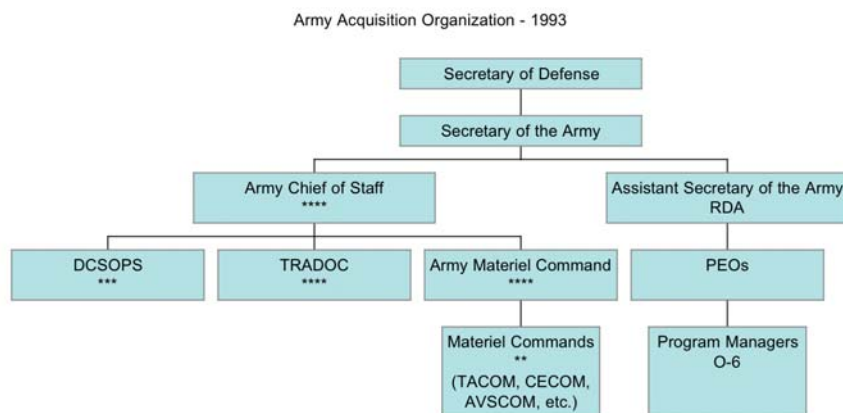
Following the *Goldwater-Nichols* era reforms, the Army reissued its acquisition regulations four times (in 1988, 1993, 1997, and 2003). In 1988, the DCSRDA position was eliminated and the ASA (RD&A) was designated as the “Deputy Army Acquisition Executive and provided ‘principal secretariat support’ to the Acquisition Executive” (the Secretary of the Army). The regulations issued in 1993 implemented the first round of structural changes that are most representative of the changes that have endured to the present day. Because the *Goldwater-Nichols Act* required streamlined acquisition chains of command and limited “outside” influence over acquisition activities, the acquisition chains of command were shortened to three levels for service-managed acquisitions. As mentioned earlier, the Secretary of the Army exercised overall responsibility for activities within the department.





This revision to Army Regulations saw the delegation of AAE responsibilities to the Assistant Secretary level. The AAE role was initially assigned to the ASA (RD&A), and later the name was changed to the ASA (AL&T) (Acquisition, Logistics, and Technology). Following the reforms, the AAE was more centrally positioned in the Army's acquisition process. One key aspect of that involved managing and supervising PEOs and PMs, a function that before *Goldwater-Nichols* had been performed by the DCSRDA.

Also, as was the case with the Navy, the service chief and the deputy chiefs of staff were no longer directly engaged in the acquisition process. They retained their responsibilities to produce requirements for the acquisition of new materiel and to develop the Program Objectives Memorandum (POM), which allocated funding to the priorities set by the President, Secretary of Defense, Secretary of the Army. But with regard to core acquisition management functions, their tasking was only to state requirements and support the PEOs and PMs. The one exception to this was the Vice Chief of Staff of the Army who, continued to co-chair the ASARC with the ASA (RD&A). In this role, the Vice Chief was able to represent the operational Army throughout the materiel acquisition process. Other commands and individuals such as the DCSOPS and TRADOC, now, the Army Materiel Command, which had replaced the DARCOM continued to report to the Army Chief of Staff. However, the principal acquisition functions that they once managed were reorganized into a different chain of command. Figure 6 depicts these changes.



**Figure 6. Army Acquisition in 1993**

### Summary of Key Changes in Army Acquisition

As with the Navy, the primary effects of the *Goldwater-Nichols* era reforms were to remove the Chief of Staff of the Army and his supporting organizations such as deputy chiefs and the Army Materiel Command and subordinate materiel commands from playing a direct role in the acquisition process. As will be seen in the next section, a similar pattern emerged in the Air Force.

## The Air Force

### Before the Storm

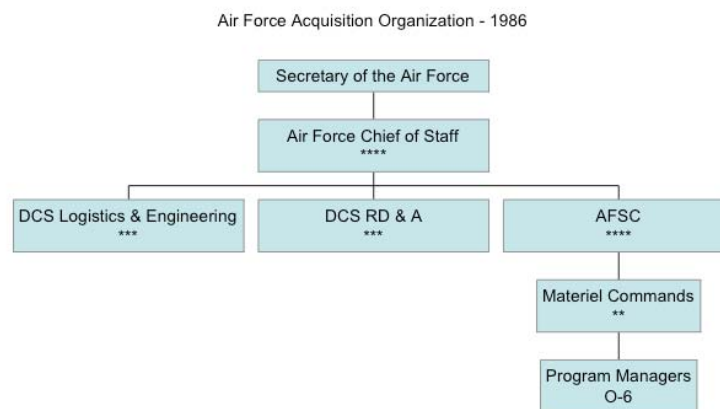
The evolution of responsibilities for the acquisition of major systems and components within the Air Force is similar to that of the Army's.





As was true with the other military departments, the Secretary of the Air Force is responsible for all activities occurring within the department, including acquisition. Throughout the period under examination, the Secretary was supported by an assistant secretary who was designated as the Air Force Acquisition Executive (AFAE). In 1986, this was the Assistant Secretary for Research, Development, and Logistics (SAF/AL). Later, the role of the AFAE was assigned to the Assistant Secretary of the Air Force for Acquisition (SAF/AQ). The Assistant Secretary also chaired the Air Force Systems Acquisition Review Council (AFSARC), which was the principal board that advised the Secretary. (According to the 1986 instruction, the Secretary did not delegate his role as the milestone decision authority.) Several members of the Air Force Chief of Staff's general staff were also assigned as members of the AFSARC. These members were the Vice Chief of Staff, Deputy Chief of Staff (DCS) Logistics & Engineering, DCS Research Development, and Acquisition (RD&A). It is interesting to note that HQ USAF issued Program Management Directives (PMDs) that define the scope of the program being procured, and provide program direction and guidance. However, the implementing command appears to have had great leeway.

The executing authority for acquisition programs resided with the "implementing command," which was designated on a program-by-program basis by the AF Headquarters acquisition staff. One of the implementing commands named directly within the 1986 regulation was the Air Force Systems Command (AFSC). In its role as an implementing command, it was responsible for accomplishing program executive supervision in much the same way that PEOs do currently, albeit over a much larger set of programs. *AF REG 800-2*, dated September 16, 1985, stated that the "designated Line Authority for major decisions during the acquisition of weapon systems typically include the Secretary of Defense, Secretary of the Air Force, and the Commander, Air Force Systems Command." However, it also stated that, under "Responsibilities of the HQ USAF", that HQ issued Program Management Directives that established programs, provided program guidance and direction, designated implementing commands and issued the Justification of a Major System New Start (JMSNS) to begin the acquisition process.



**Figure 7. Air Force Acquisition before *Goldwater-Nichols***

### After the Storm

Following the *Goldwater-Nichols* era reforms, the Air Force reissued its acquisition regulations five times (in 1990, 1993, 1994, 2005 and 2009). The 1994 instruction was the



first to mention of the AFAE as directly managing acquisition programs and personnel. These post *Goldwater-Nichols* instructions make no mention of acquisition responsibilities within the AFHQ general staff until the 2009 reissues, when the Deputy Chief of Staff for Operations, Plans, and Requirements (HQ AF/A3/5) is tasked with “collaboratively work[ing] with the acquirer, tester, sustainer, and other key stakeholders in developing operational capabilities requirements documents.”

With regard to the materiel commands, after 1994, the instructions task the Air Force Materiel Command (AFMC), (AFMC was the successor command, which absorbed in 1994 both the Air Force Systems Command and the Air Force Logistics Command, eliminating one four-star position) with formally and informally advising and assisting the AFAE, PEOs, and PMs. Figure 7 depicts these changes.



**Figure 8. Air Force Acquisition in 1994DCS Plans & Operations, DCS Programs & Resources**

## A Comparison of the Before and After by Department

As stated earlier, the Navy’s culture differed significantly from that of her sister services and was reflected in the organization of the DoN and its management structure. The CNO viewed the landscape in operational terms befitting his title of Chief of Naval Operations. That is, the original creation of the bi-linear Navy did not engage the CNO immediately in the administration of the various material “bureaus” that handled the acquisition and logistical functions supporting the Navy. The Bureaus of Ships, Ordnance, Aeronautics and Supply and Accounts were some of the bureaus that handled such functions and reported to the Secretary of the Navy. In 1966, with the creation of the Chief of Naval Material, subsequent CNOs played a greater role in the management of and production by the material establishment. Even so, for individual CNOs who had grown up in the operational world and particularly those without significant Washington, DC, experience, dealing with material (including acquisition) matters was somewhat foreign. Furthermore, because the DoN included two services, the Navy and the Marine Corps, the DoN Secretariat tended to act in greater scope from those of the Army and Air Force.

The term “Chief of Staff” meant chief of staff to the Secretary of the Army and Secretary of the Air Force. As no such office existed in the DoN, and its Secretariat was responsible for a broader set of functions, which in the other Military Departments were performed in the service headquarters staffs. A couple of examples in central departmental management functions (finance and contracts) are illustrative. First, the Department of the Navy’s budget function reported to the Assistant Secretary of the Navy, Financial



Management (ASN (FM)), not to either service chief. In its functions, that budget office exercised ecumenical control the finances of the two DoN sister services and clearly worked for the Secretary. While in the planning and programming processes, the two services built their POM for the Secretary to approve, the subsequent budget fell under the management of the Secretary through the ASN (FM). In a second example, contract award approvals were managed by another DoN Assistant Secretary, depending on the item being procured. The contract award justification, called the Determination and Findings (D&F), had to be reviewed and approved by the appropriate office in the Navy Secretariat before contracts were awarded, which meant they played a major role in acquisition.<sup>13</sup> A last point is that the DoN Secretariat was staffed to perform these regulatory and statutory functions and, as a result, was larger than those found in the other military departments. For example, the ASN (FM) staff, including the Comptroller, at times exceeded several hundred people.

A second major difference between the Navy and her sister services was the manner in which the staffs were structured for decision-making. The other services tended to look upon issues through functional lines. That is, when those services addressed issues, their reviews occurred at the functional level of manpower, logistics, modernization, etc. In the Navy, responsibility was held by three-star admirals who controlled surface, submarine and aviation portfolios. These three-star admirals also had a major voice in the requirements determination and acquisition processes before *Goldwater-Nichols* and had direct relationships with their three-star counterparts in the Navy's systems commands. Issues that arose between statement of requirements and the ability to develop acquisition programs could be resolved at this three-star level. Concurrent with the *Goldwater-Nichols Act* (but for reasons different from the passage of the act) and its movement of the acquisition function more fully into the DoN Secretariat, the Navy abolished those three-star billets and reduced the functions they performed to the two star level, impeding discussions with the systems commanders (who concurrently were removed from the acquisition chain because the new PEOs reported directly to the ASN (RD&A)). The Army and Air Force did not have those concurrent changes in their structures although the removal of the PEOs from the Systems Commanders also occurred in those Departments. It is interesting to note that both the Army and Air Force later requested and received waivers to allow the PEOs to report to what was in essence the equivalent to the Navy's Systems Commanders.

Another major distinction was that while the Army and Air Force had Systems Acquisition Review Councils (both before and after *Goldwater-Nichols*) the Navy did not. Programs wound their way through a set of systems command reviews, two-star review in the staff of the Chief of Naval Operations and then through the CNO-chaired CEB meeting and, finally, on to the Secretary of the Navy for decision.

The ASARC and AFSARC boards were co-chaired by the service vice chiefs, both before and after *Goldwater-Nichols*. Thus, the service chief had an important representative in councils dealing with acquisition decisions. Furthermore, based upon our interviews with Air Force and Army retired three-stars, the principal deputy position was generally filled by a senior uniformed executive (typically a three-star General) in each of the secretariat acquisition offices and played major roles in both the selection of acquisition personnel (including the management of the acquisition workforce) as well as the distinct function of

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<sup>13</sup> The D&Fs are written, signed, legally binding statements, submitted by an employee, to explain/justify the method and logic that he/she used to select material, services, or suppliers when committing federal, state, or district funds for purposes of procurement of materials or services.



briefing the Service Chief on all matters of acquisition interest prior to his attendance in any structured meeting with the Department's Secretary on such matters.

With the passage and eventual implementation of *Goldwater-Nichols*, the Navy acquisition programs no longer went through the following: systems commanders, two-star CNO staff board, and CNO Executive Board.

In its place, a Navy Program Decision Meeting (known at the NPDM) was created and chaired by the ASN (RD&A). While CNO staff flags were invited to the meetings, they were held at the behest and schedule of the ASN (RD&A), and our interviews indicated that they were poorly attend by Navy flag officers. This led to the perception of isolation of the service chief and his staff from those functions.

Thus, as shown above, the *Goldwater-Nichols Act* and the subsequent changes in the CNOs staff had greater ramifications for the Navy than it did for the other services.

## How Navy Implementation Affected Acquisition

This chapter describes what we see as four major consequences that resulted from the manner in which the Department of the Navy implemented the *Goldwater-Nichols Act*. The first is the exclusive civilian control of the acquisition process with military disenfranchisement. The second is the loss of blended workforce. The third is the separation of the "line" (naval officers who have operational assignments that lead to their promotion and success in the Navy). The fourth is the continuing search for rebalance and the unintended consequences of the manner in which the current DoN leadership has chosen to attempt to re-integrate the operation naval officers (line) into the acquisition process.

### Increasing Civilian Control over the Acquisition Process: Constructing an Impenetrable Wall

Senator Nunn stated during the conference leading up to enactment of *Goldwater-Nichols* that he had been "concerned that we not create an impenetrable wall between the staffs of the Service Secretary and the Service Chief" (Nunn, 1985, S12651). In our interviews with senior Navy and OSD officials directly involved in implementing the *Goldwater-Nichols Act*,<sup>14</sup> most had been concerned about this possibility or they became concerned after its passage. In fact, of the twenty-five former and current civilian and uniformed officials (including those in the Air Force and Army) interviewed, all but two had no doubt that a wall had, in fact, been created between operational officers and acquisition officials.

In terms of our senior-level interviewees, only one—a former USD AT&L—believed that a minimal amount of separation between military and civilian leadership resulted from implementation of *Goldwater-Nichols*. Moreover, he believed this separation had been constructive, contributing to creative tension and leading to a more efficient use of resources. In short, he believed the service chiefs could still influence acquisition decisions. However, the remaining interviewees were much less sanguine about the outcome. Similarly, an Air Force civilian executive with a rich background in acquisition matters did not

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<sup>14</sup> In this instance, interviewees included a former CNO, a former Secretary of the Navy, a former Navy General Counsel, a former Asst. Secretary of the Navy (Research Development and Acquisitions (RDA), and two former Under Secretaries of Defense (AT&L).

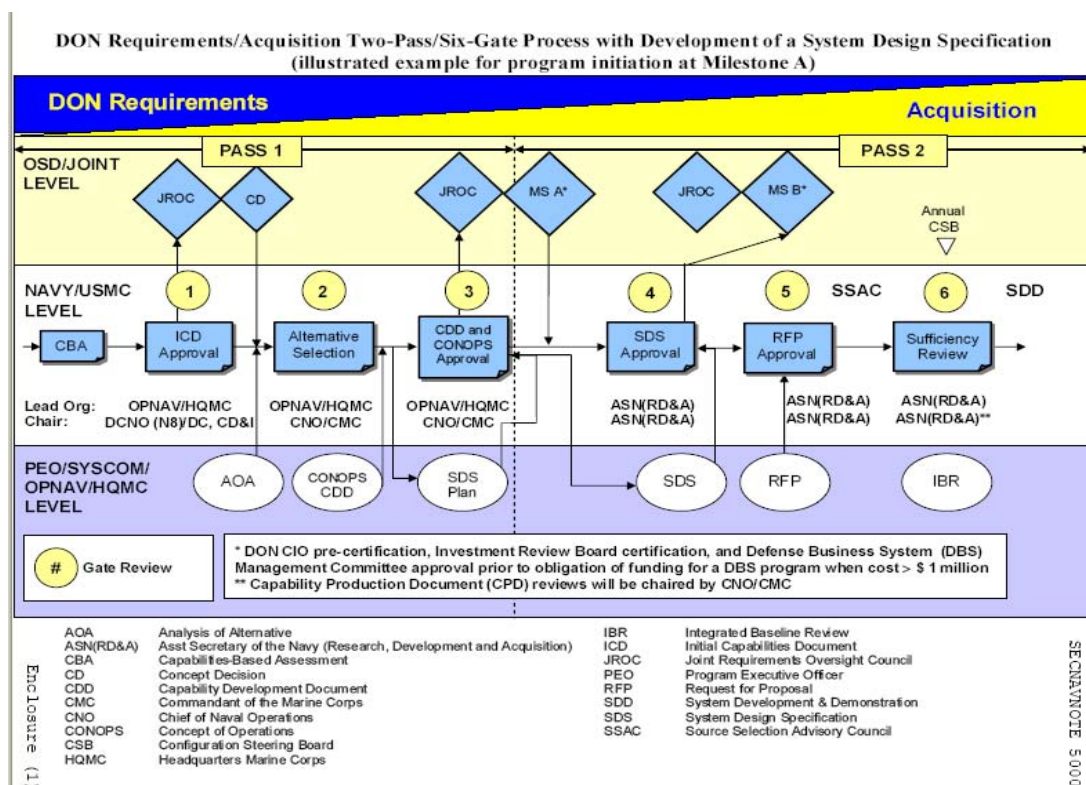




believe that the military leadership was disadvantaged by the separation of the military requirements community from their acquisition brethren.

According to a former Principal Deputy ASN (RD&A), the acquisition community eliminated roles in the acquisition process traditionally filled from the Office of the Chief of Naval Operations (OPNAV) staff. A former CNO reported that he himself felt excluded from the acquisition process, as did all senior officers of all ranks and career fields who were interviewed. One former USD AT&L, who came to believe that the service chiefs and combatant commanders were now too far removed from the entire acquisition process, thought it essential that Service Chiefs become more involved in procurement planning, especially in helping to set realistic performance requirements and to make trade-off decisions during program development. Both Under Secretaries of Defense (AT&L) interviewed believed that establishing a four-star Vice Chief as co-chair of the Service Acquisition Board could overcome the growing divide between a military-based requirements process and a civilian-based acquisition process. In this scenario, the Vice Chief's role would be similar to that of the Vice Chairman of the Joint Chiefs in his role as co-chair of the Defense Acquisition Board.

The DoN leadership is not blind to this problem. It has attempted to breakdown the barriers between the CNO's staff and the Secretariat with regard to requirements and acquisition. The Navy Gate System is the latest effort to link the acquisition process and requirements process, initiated in a *SECNAV Notice 5000* in February 2008. The system established a six-gate process (the circled numbers in the Navy/USMC level) in which each gate represents a formal decision point at which the costs and benefits of a particular weapon system program are evaluated (see Figure 9).



**Figure 9. Navy Gate System**  
(Source: SECNAV Note 5000)



As seen on the chart, a vertical dotted line separates the first three decision gates from the last three. The first three gates are supposed to be managed on the requirements side<sup>15</sup> and the following three gates are managed on the acquisition side.<sup>16</sup> That the dotted line reinforces the notion of separation in Senator Nunn's "impenetrable wall."

## **Blended Workforce and the Engagement of Operational Officers in the Business of Acquisition**

A principal motive of the *Goldwater-Nichols Act* was to improve our military's ability to fight in a more joint manner; consequently, not only weapon systems, but also officer experience and training must now include joint duty and considerations. All of the senior-level officials we interviewed reported that they had, at the time *Goldwater-Nichols* was implemented, believed there was a need for better communication among the military departments and more joint collaboration in operations. However, an unintended consequence of requiring officers to serve in a joint duty assignment to achieve flag or general officers rank was the migration of line officers away from the acquisition process because of the pressure of satisfying additional demands during a career whose length did not expand to accommodate the additional demands.

This migration became a particular concern in the Department of the Navy as it had maintained over time a blended workforce in its acquisition processes. Before *Goldwater-Nichols*, there existed a blend of naval and marine officers along with technically-oriented civilians worked across the material establishment. Program offices, systems commands, laboratories and field activities were generally managed by military officers who rotated into the material establishment from operational billets and brought with them a wealth of real-world fleet experience. Coupled with them were a group of highly skilled engineers and scientists who, working together developed and procured the nation's naval weapons systems.

Upon the implementation of *Goldwater-Nichols*, the creation of an acquisition workforce resulted in a formulaic career path for those whose intent was to work in acquisition. While it created certain incentives for the civilian element of the workforce, it also created significant differences between civilian and uniformed workforces. First, the civilians involved in acquisition and the uniformed personnel involved in acquisition had completely different chains of command and, consequently, a different performance evaluation and promotion structure. The new workforce structure also demanded new educational mechanisms, to prepare individuals for careers in the acquisition workforce. The Defense Acquisition University (DAU) was established with a heavy civilianized structure and outlook. The agility of acquisition was slowed by this new institutional training and the demand for military personnel to participate in the DAU courses heavily affected military career assignment and rotation.

Exacerbating the "civilianization" of the workforce was an unintended consequence of *Goldwater-Nichols* emphasis on joint warfighting to satisfy promotion requirements. Before *Goldwater-Nichols*, officers had more time to rotate through positions related to both

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<sup>15</sup> Specifically, they are managed by the Deputy Chief of Naval Operations, for Integration of Capabilities and Resources (DCNO (N8))/DC and DC&I, CNO/Commandant, Marine Corps (CMC) in OPNAV/ Headquarters, US Marine Corps (HQMC).

<sup>16</sup> Specifically, they are managed by the Asst. Secretary of the Navy (RD&A).





the operational realm and the material management process, giving those officers a deeper understanding of the civilian side of the acquisition process. With the rigid requirement of joint duty service, however, officers no longer had time to rotate between operational duty assignments and material management assignments if they wanted to achieve flag or general officer rank in an operational role. Furthermore, those who now chose to devote their energies to acquisition saw their operational experience decline in comparison to the counterparts who served only in line assignments, which meant they lost some of their credibility when it came to weighing in on the value of a particular performance requirement, for example. As the number of officers serving in acquisition roles decreased, a sense emerged of the acquisition process “belonging” to the largely civilian material establishment, not the operations line community. Our interviews with senior Army and Air Force officers echoed these observations about their own services. Almost to a person, our interviewees remarked on the need to create an incentive for senior line officers to serve in acquisition roles. That is not to say that there is not a role for engineering restricted duty officers in the acquisition workforce. However, a blended workforce should contain officers with warfighting training and perspective to ensure a rich mix of talent is available to the acquisition leadership.

## Unintended Consequences

In this chapter, the Navy Gate System is described. In that example, a large structured set of meetings and briefings needed to be established because the DoN's acquisition instructions explicitly left the uniformed Navy out of the processes. That said, it still stands. It should be noted that given Senator Nunn's explicit concern over such an outcome, this is also no unintended consequence.

In *SECNAV INST. 5400*, the applicable reference to the CNO and CMC is that the ASN (RD&A) “shall provide such staff support each consider necessary to perform his duties and responsibilities.” There is no mention of any other responsibility for the service chiefs. When the act was passed, our interviewees indicated that the uniform Navy offered a three-star deputy to the ASN (RD&A), but that was refused and a senior executive was installed in that position. Throughout the ensuing twenty years, a mix of SESs and officers from one-to-three star rank have filled that position. But the DoN acquisition decision boards never had the uniformed Navy in any leadership position. In both the Army and Air Force, as evidenced from our interviews, the Vice Chiefs of each service at one time either chaired their acquisition decision boards, or, in more recent times, co-chaired those boards. The reason this is important is that the co-chairmanship gives the senior leadership an opportunity to demand and get information from the acquisition chain of command, starting with the program manager and going up to the PEO. That information flow is important to the decision process because it provides an understanding of what is happening in the program. This insight also allowed the uniformed Navy to see the consequences of its “requirements” process and the effect of changes made in various portions of the PPBE process. With this knowledge comes a shared responsibility for the end product, a most desired effect. Another consequence to knowledge is the loss of operational officers who understood the acquisition process. The result is that many of the flag officers who work in the office of the CNO have little to no experience with or understanding of the issues facing acquisition programs. Therefore, the requirements process sometimes imposes unreasonable demands and the PPBE process removes funding at critical times. In some of our interviews, some PEOs stated, “they are discussing my program in the Pentagon and I am not even invited.”



## Conclusions, Recommendations, and Issues that Warrant Further Study

Changes that affect the culture and processes of large bureaucratic organizations are always difficult to achieve. The notion of the need for and acceptance of the reality of a “burning platform” as enunciated by Gerstner at IBM is exactly for that reason. Military establishments because of their organization and the existential nature of their purpose are the most difficult to change, certainly to change quickly. In the case of the defense establishment in the ‘80s and ‘90s, it was change imposed by legislation that focused on “fixing” a myriad of both absurd and preserved problems without a clear understanding of the consequences that these fixes would be about. Legislated change in large enterprises has that effect, and it is noteworthy that the senior congressional protagonists were wary of unintended consequences but were driven to make changes because of the problems they had observed for well over a decade. In retrospect, it would appear that many of the interrelationships were not well understood. At each turn over the ensuing quarter century, many changes have been made in both statute and regulation to deal with “just one score” problem overlooked by previous attempts. It would be interesting to engage in time travel to see what the protagonists in the mid-‘80s would have done if they were given a glimpse of the results. But that is not a particularly useful exercise because the problems were real and no one is contemplating reversing what has been done. Rather we must sift through the results of actions taken over time and see what may be practically done to address the concerns that were laid out by a previous CNO and form the core of our inquiry.

Just as the various statutes that were passed reflected the perception of members of Congress of the nature of the problems being experienced by the DoD, both operational, and in stewarding the public monies and trust, so perceptions of intent governed the promulgation of regulations to effect that legislation. The testimony we received strongly suggests that the intent was not clearly understood and there was a significant amount of interpretation, some of it self-serving, in promulgation of Instructions, Directives and Regulations. What appears to be a clear pattern is that many folks had reservations, not unlike Senator Nunn, but pressed forward anyway because the mandate for change at least was clear. What also became apparent is that the DoN, as a result of earlier resistance, was directed to proceed by higher authority an even more literal interpretation than necessary and did so. This “letter of the law” approach, taken even though there were reservations among the leadership, had the result of an implementation in the DoN different than those in the other military departments.

Clearly, Senator Nunn did not intend a rigid divide between civilian and military leaderships. Equally clearly, the Departments of the Army and Air Force have managed to avoid it to a certain degree under the same statutory and directive constraints that face the DoN. That leads us to conclude that the approach taken by the DoN is more malleable than believed. The authors would also conclude that the de facto exclusion of offices with an operational focus from the acquisition/material management process is not healthy. Finally, it is concluded that to achieve the results of the process improvements discussed in the recently issued *Quadrennial Defense Review (QDR) Report*, it is necessary that our best minds working together to solve problems, not sequentially engaging issues through choreographed organizational engagements.

Accordingly, a small number of specific recommendations are made and suggest several areas that would benefit from further study.



## Recommendations

1. Make changes to applicable DoN Directives to undo the isolation conveyed by the Navy Gates Process and articulate a coherent and continuing role for the Service Chiefs across the range of the acquisition process, more like those of the other military departments.
2. Make changes to applicable DoN Directives to create and acquisition oversight body co-chaired by the ASN (RD&A) and the VCNO (and the ACMC for the discussion of Marine Corps systems of priority interest).
3. Create career opportunities for officers of the line in the material establishment.

## Areas of Further Study

4. Best principles and approaches to expand and rebalance the acquisition workforce to enable informed collaboration in the requirements and resources processes.
  1. The granting of “joint-duty” credit for officers in large acquisition programs as suggested by the *QDR* for “recognizing joint experience whenever and wherever it occurs.”
  2. Appropriate changes to DOPMA to create enhanced Senior Officer opportunities in acquisition.

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## 2003 - 2010 Sponsored Research Topics

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### **Acquisition Management**

- Acquiring Combat Capability via Public-Private Partnerships (PPPs)
- BCA: Contractor vs. Organic Growth
- Defense Industry Consolidation
- EU-US Defense Industrial Relationships
- Knowledge Value Added (KVA) + Real Options (RO) Applied to Shipyard Planning Processes
- Managing the Services Supply Chain
- MOSA Contracting Implications
- Portfolio Optimization via KVA + RO
- Private Military Sector
- Software Requirements for OA
- Spiral Development
- Strategy for Defense Acquisition Research
- The Software, Hardware Asset Reuse Enterprise (SHARE) repository

### **Contract Management**

- Commodity Sourcing Strategies
- Contracting Government Procurement Functions
- Contractors in 21<sup>st</sup>-century Combat Zone
- Joint Contingency Contracting
- Model for Optimizing Contingency Contracting, Planning and Execution
- Navy Contract Writing Guide
- Past Performance in Source Selection
- Strategic Contingency Contracting
- Transforming DoD Contract Closeout
- USAF Energy Savings Performance Contracts
- USAF IT Commodity Council
- USMC Contingency Contracting

### **Financial Management**

- Acquisitions via Leasing: MPS case
- Budget Scoring
- Budgeting for Capabilities-based Planning





- Capital Budgeting for the DoD
- Energy Saving Contracts/DoD Mobile Assets
- Financing DoD Budget via PPPs
- Lessons from Private Sector Capital Budgeting for DoD Acquisition Budgeting Reform
- PPPs and Government Financing
- ROI of Information Warfare Systems
- Special Termination Liability in MDAPs
- Strategic Sourcing
- Transaction Cost Economics (TCE) to Improve Cost Estimates

## **Human Resources**

- Indefinite Reenlistment
- Individual Augmentation
- Learning Management Systems
- Moral Conduct Waivers and First-term Attrition
- Retention
- The Navy's Selective Reenlistment Bonus (SRB) Management System
- Tuition Assistance

## **Logistics Management**

- Analysis of LAV Depot Maintenance
- Army LOG MOD
- ASDS Product Support Analysis
- Cold-chain Logistics
- Contractors Supporting Military Operations
- Diffusion/Variability on Vendor Performance Evaluation
- Evolutionary Acquisition
- Lean Six Sigma to Reduce Costs and Improve Readiness
- Naval Aviation Maintenance and Process Improvement (2)
- Optimizing CIWS Lifecycle Support (LCS)
- Outsourcing the Pearl Harbor MK-48 Intermediate Maintenance Activity
- Pallet Management System
- PBL (4)
- Privatization-NOSL/NAWCI
- RFID (6)



- Risk Analysis for Performance-based Logistics
- R-TOC AEGIS Microwave Power Tubes
- Sense-and-Respond Logistics Network
- Strategic Sourcing

## **Program Management**

- Building Collaborative Capacity
- Business Process Reengineering (BPR) for LCS Mission Module Acquisition
- Collaborative IT Tools Leveraging Competence
- Contractor vs. Organic Support
- Knowledge, Responsibilities and Decision Rights in MDAPs
- KVA Applied to AEGIS and SSDS
- Managing the Service Supply Chain
- Measuring Uncertainty in Earned Value
- Organizational Modeling and Simulation
- Public-Private Partnership
- Terminating Your Own Program
- Utilizing Collaborative and Three-dimensional Imaging Technology

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NATIONAL SECURITY RESEARCH DIVISION

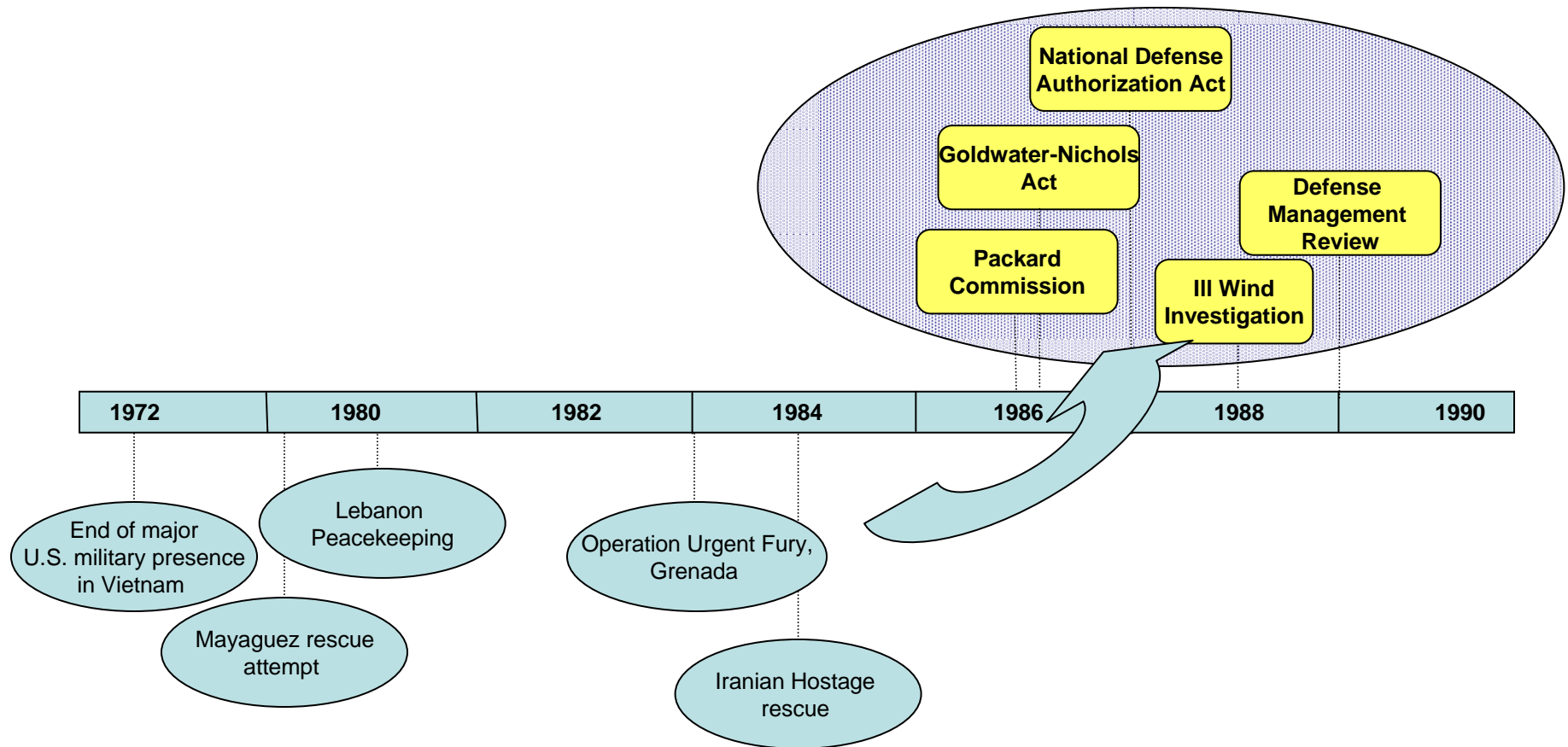
*Will the Twain Ever Meet?*  
*Military Run Requirements*  
*vs.*  
*Civilian Run Acquisition*



# ***Background***

- **Senior Navy officials concerned about the split between the requirements and acquisition parts of the Navy**
- **Current process makes it difficult for line officers to have input to the acquisition process**
- **Not always that way—what happened?**
- **Combination of environment, legislation and the law of unintended consequences**

## *“A Perfect Storm”*



# Congress Criticized Joint Capabilities and Service-DoD Integration

## – Goldwater

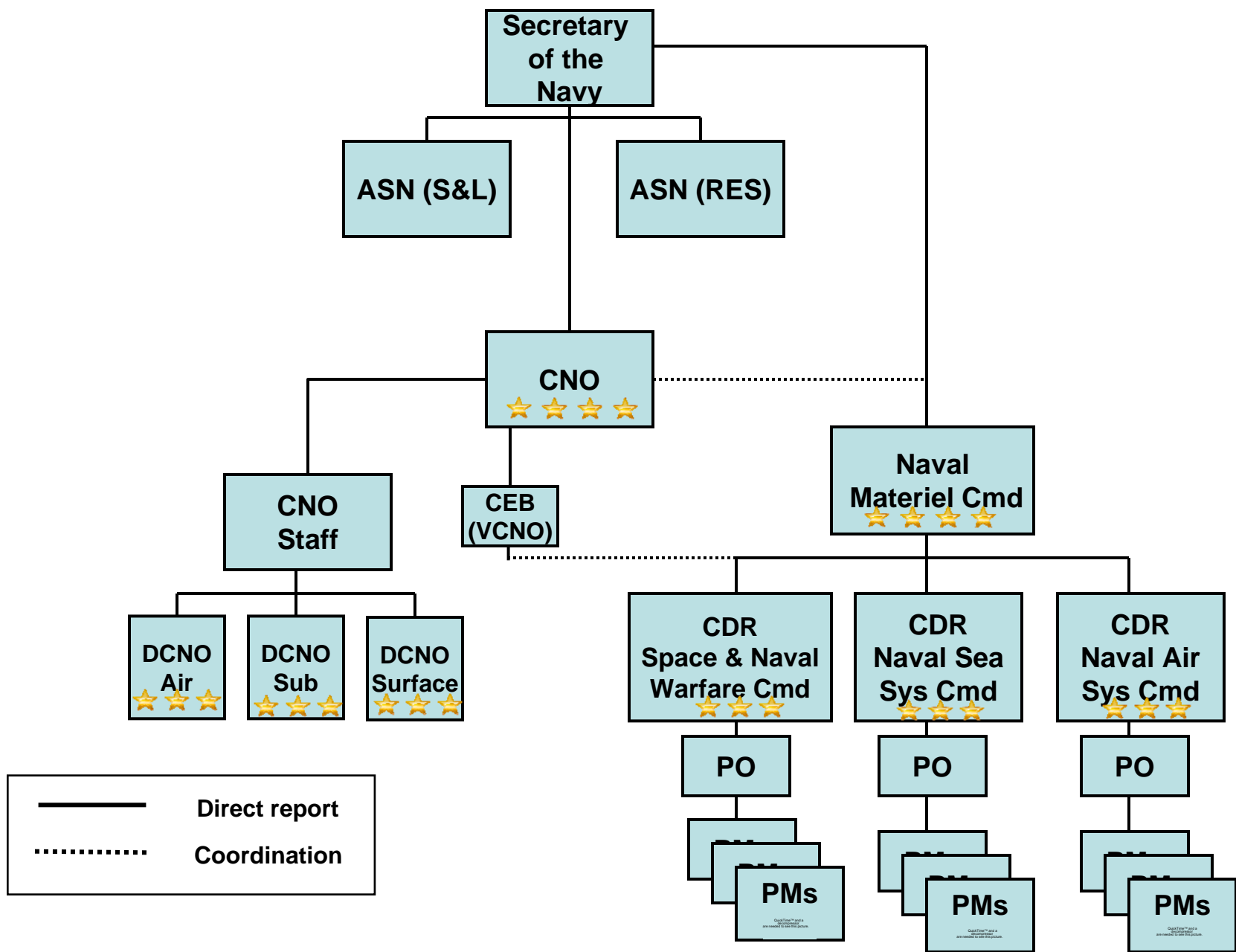
- “Officer corps frequently behaves more like *business managers* than warriors.”
- “functional structure of OSD ...encourages *micromanagement* of Service programs.....it has the tendency to get over-involved in details that could be better managed by the Services.”
- “there is the lack of true unity of command, and second, there is *inadequate cooperation among US military Services* when called upon to perform joint operations.”

## – Nunn

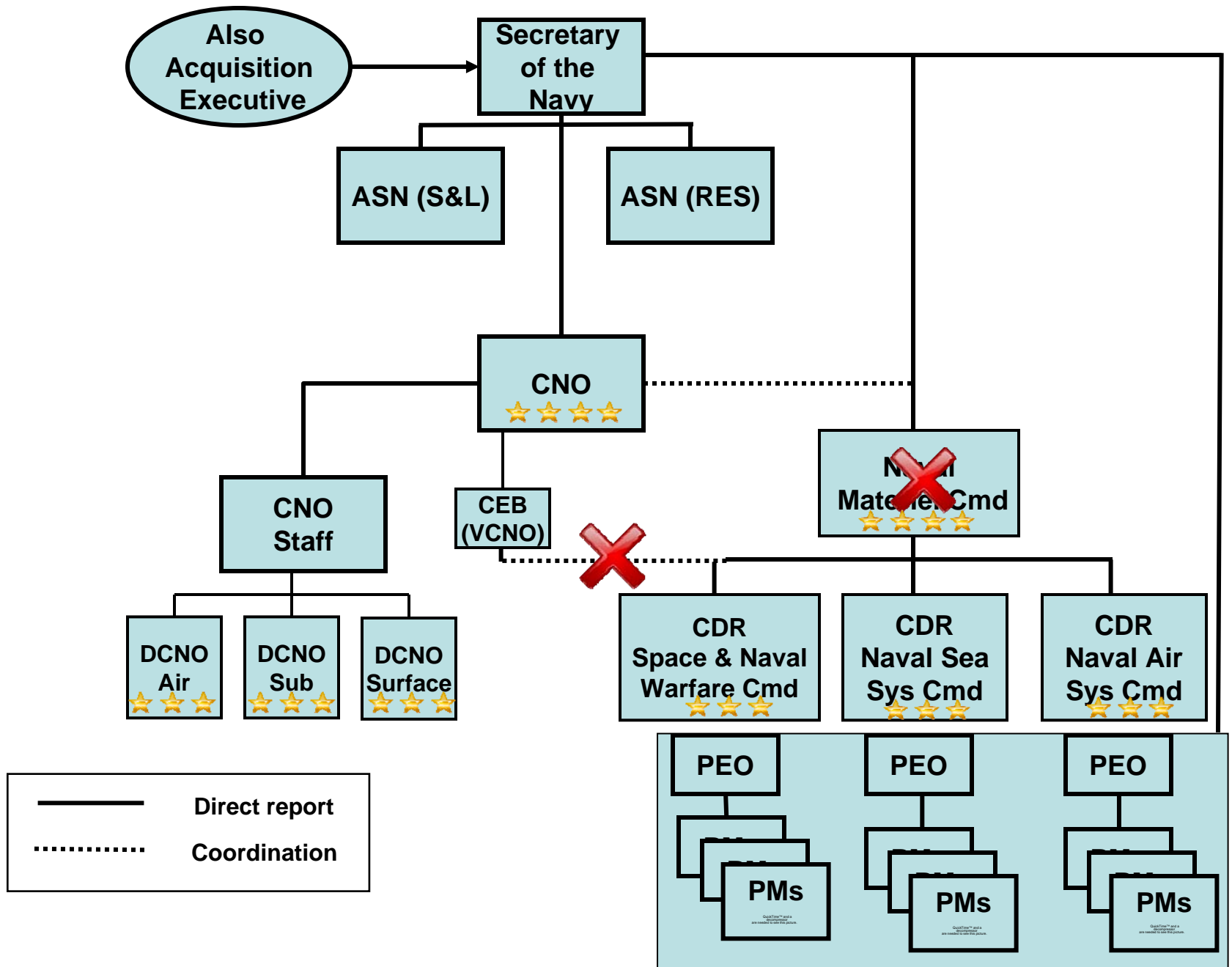
- OSD “is focused exclusively on functional areas, .... This *functional structure serves to inhibit integration of Service capabilities along mission lines*”
- “Another ... concern is in the consolidation of the military and civilian staffs in the military departments. The conference agreed to consolidate several functions, such as acquisition, comptroller, inspector general, and legislative liaison, under the Secretaries of the military departments and directed that the service chiefs not set up competing bureaucracies within their staffs. *In the conference, I was concerned that we not create an impenetrable wall between the staffs of the service Secretary and the service chief.*”

# ***External Events Exposed Range of Problems***

- **Urgent Fury, Hostage Rescue Mission**
- **Problems cut across many areas**
  - **Poor unity of command**
  - **Lack of joint training**
  - **Lack of scheduling and financial realism**
  - **Restricted flow of accurate information to decision makers**
  - **Significant opportunities for fraud and abuse**
  - **Lack of joint communication**
  - **Unclear lines of authority**
  - **Exclusion of several types of planners**
  - **Overly complex and needlessly compartmented planning**
- **Resulted in changes in regulation**





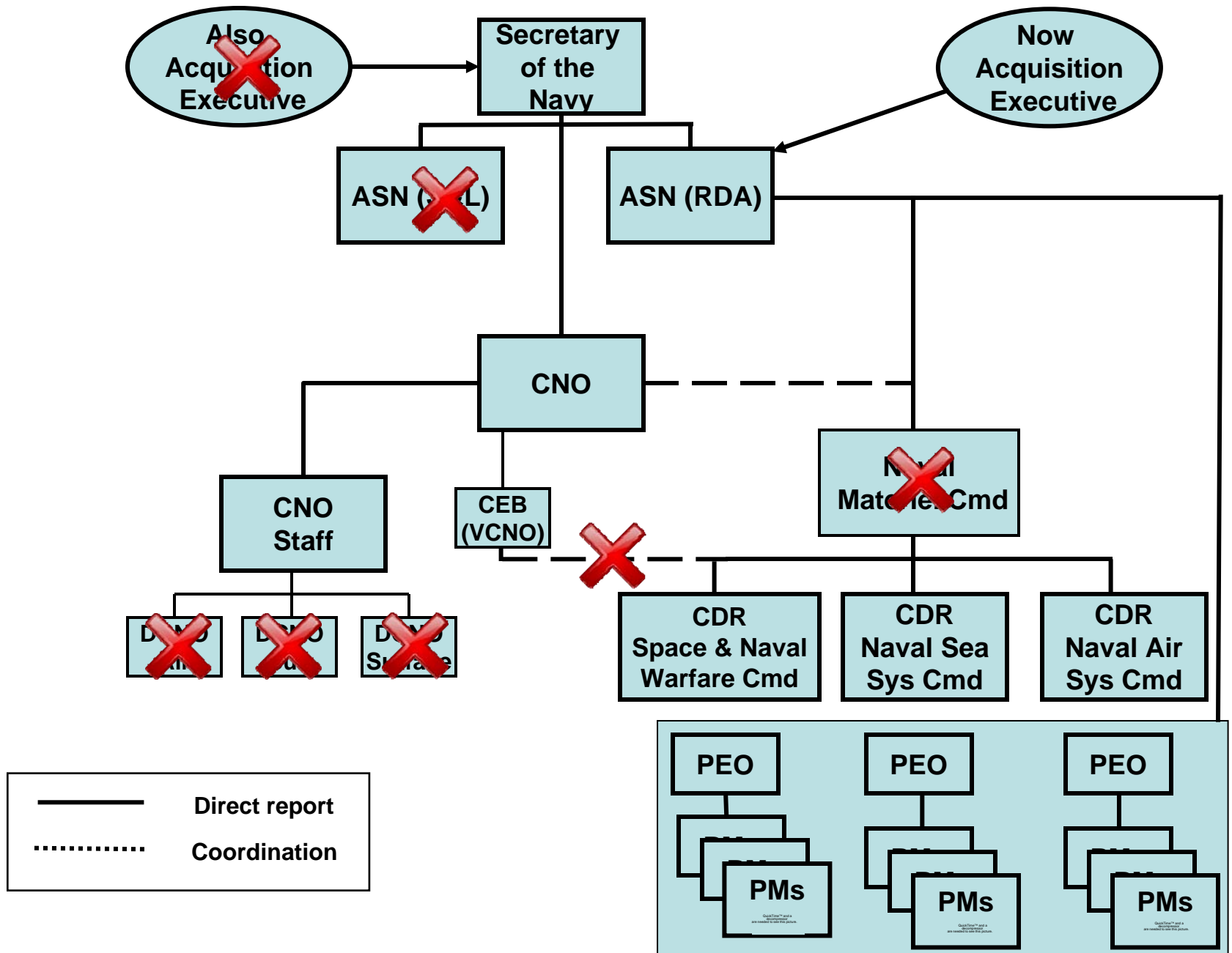


# ***Implementation Had Other Effects***

- **Evolved the reporting chain**
  - **Systems Commanders/ PEOs/ DRPMs (Direct Reporting Program Managers)**
  - **Changes to financial responsibility**
  - **Changes in role of OPNAV**
- **Establishment of NPDM (Navy Program Decision Meeting)**
  - **Move from CNO Executive Board to NPDM for acquisition decisions**
- **Reduced line officer presence**

# ***Implementation Had Combined and Unintended Effects***

- **Confluence of Goldwater-Nichols and Acquisition Reform**
  - Simultaneous changes affected terms of reference
- **Unintended Consequences**
  - Force of legal construction leads to rigidity
  - Separation of responsibility (Navy) from authority (DoD Acquisition Executive)
  - Migration of line officers away from acquisition



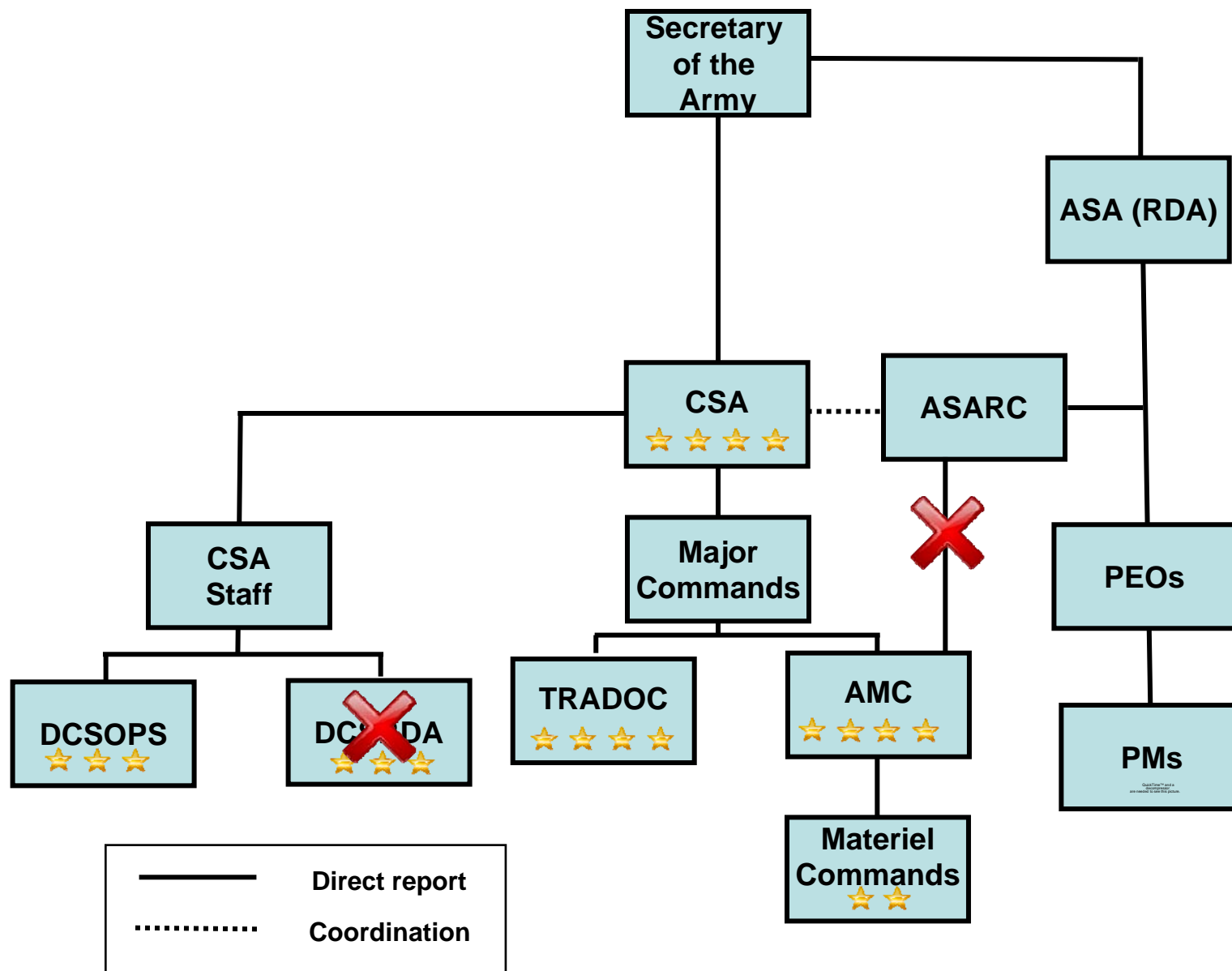
## ***Current Perspectives***

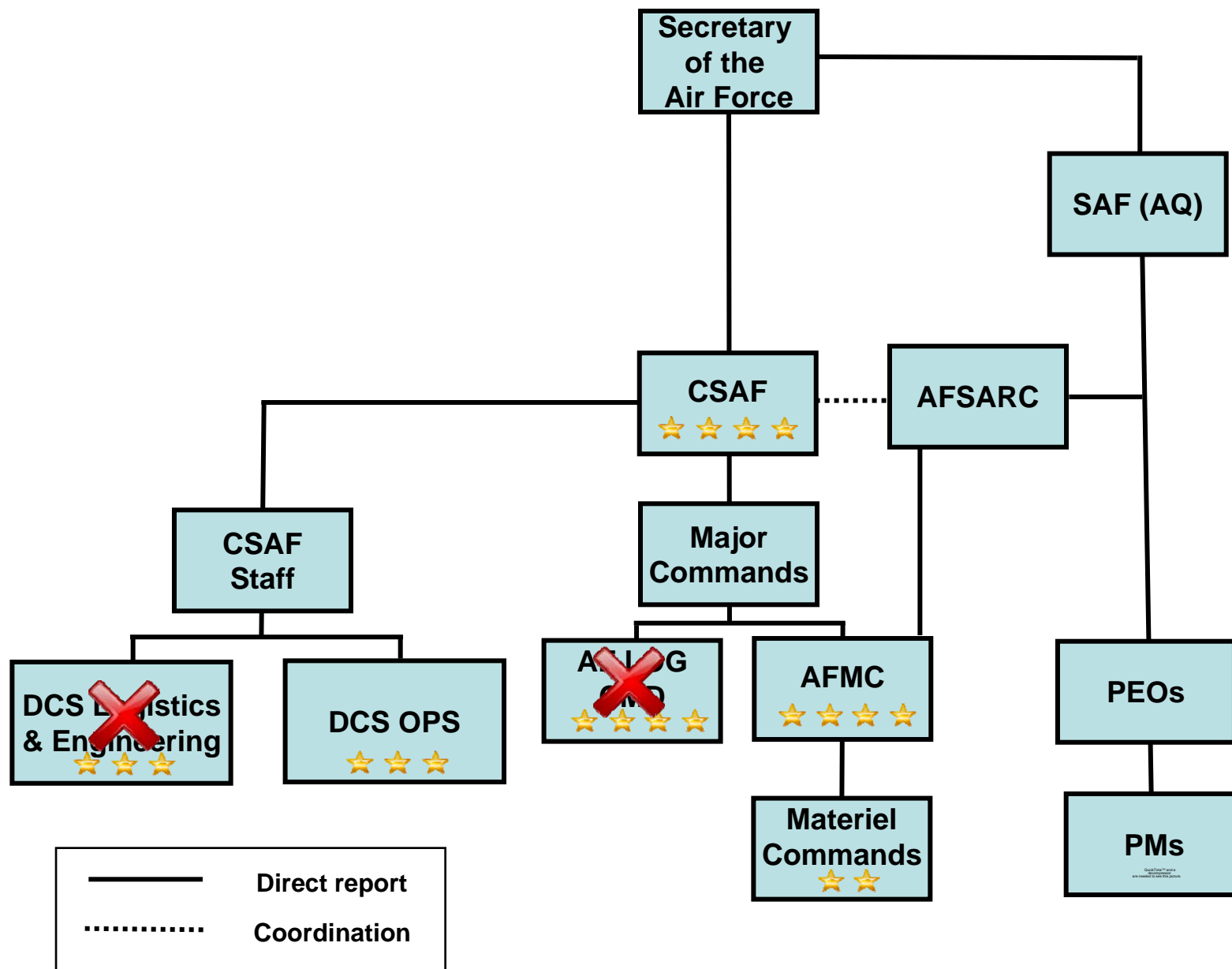
- **Gained insight from interviews with:**
  - PEOs
  - Systems Commanders
  - Former PMs
  - Senior Civilians
  - Former Vice Chairman, Joint Chiefs
  - Former Commander, Army Material Command
- **Cross cutting perspectives with DAU practice**
- **Search for process improvement**



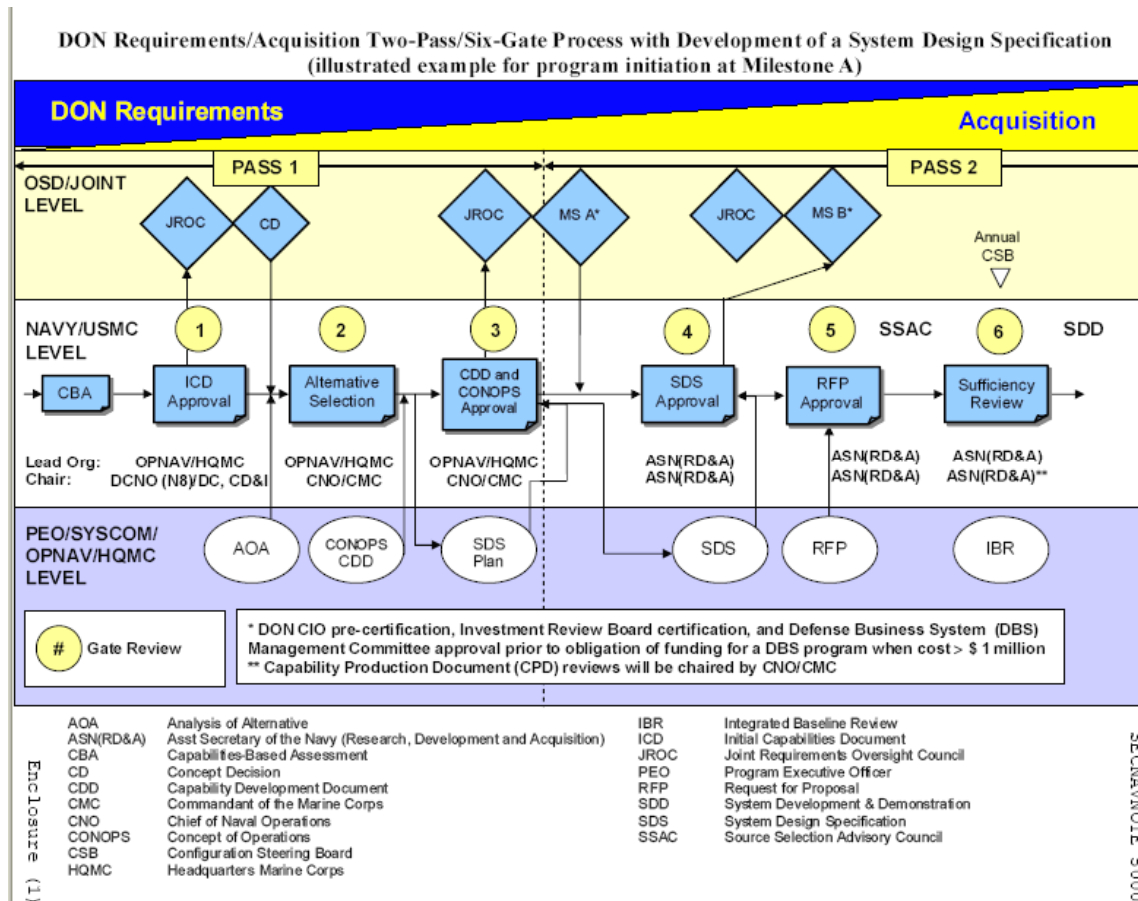
# ***Army and Air Force Perspectives on Policy Changes***

- Need to re-introduce requirements officers into acquisition function
- Excessive rigidity prevents the employment of line officers in acquisition functions
- Limited permeability of acquisition and requirements in decision making—particularly during development
- Need to satisfy selected joint duty in joint programs
  - Need to create incentives for senior line officers to hold responsibility in acquisition
- DAU influence limits human capital management flexibility





# Current Six-Step Program Still Shows Requirement-Acquisition Split



# ***Recommendations***

- **Reduce Friction between Acquisition & Requirements Communities**
  - Unilateral vs bilateral structure
  - Re-create 5400.15 affirmative statement on CNO involvement
  - Re-engineer PEO/SYSCOM structure
    - Place PEOs back under SYSCOMs
      - Similar to Army & Air Force
- **Change Acquisition positions for officers**
  - Joint duty?
  - Increase military assignments
  - More limited certification demand
- **Improve DAU practice and course structure**



***House Armed Service Committee  
Panel on Defense Acquisition Reform***

**“The Department and Congress should review and clarify the Goldwater-Nichols Act’s separation between acquisition and the military service chiefs to allow detailed coordination and interaction between the requirements and acquisitions processes and to encourage enhanced military service chief participation in contract quality assurance.”**

BACK- UPS

## *Significant Former Positions of Interviewees*

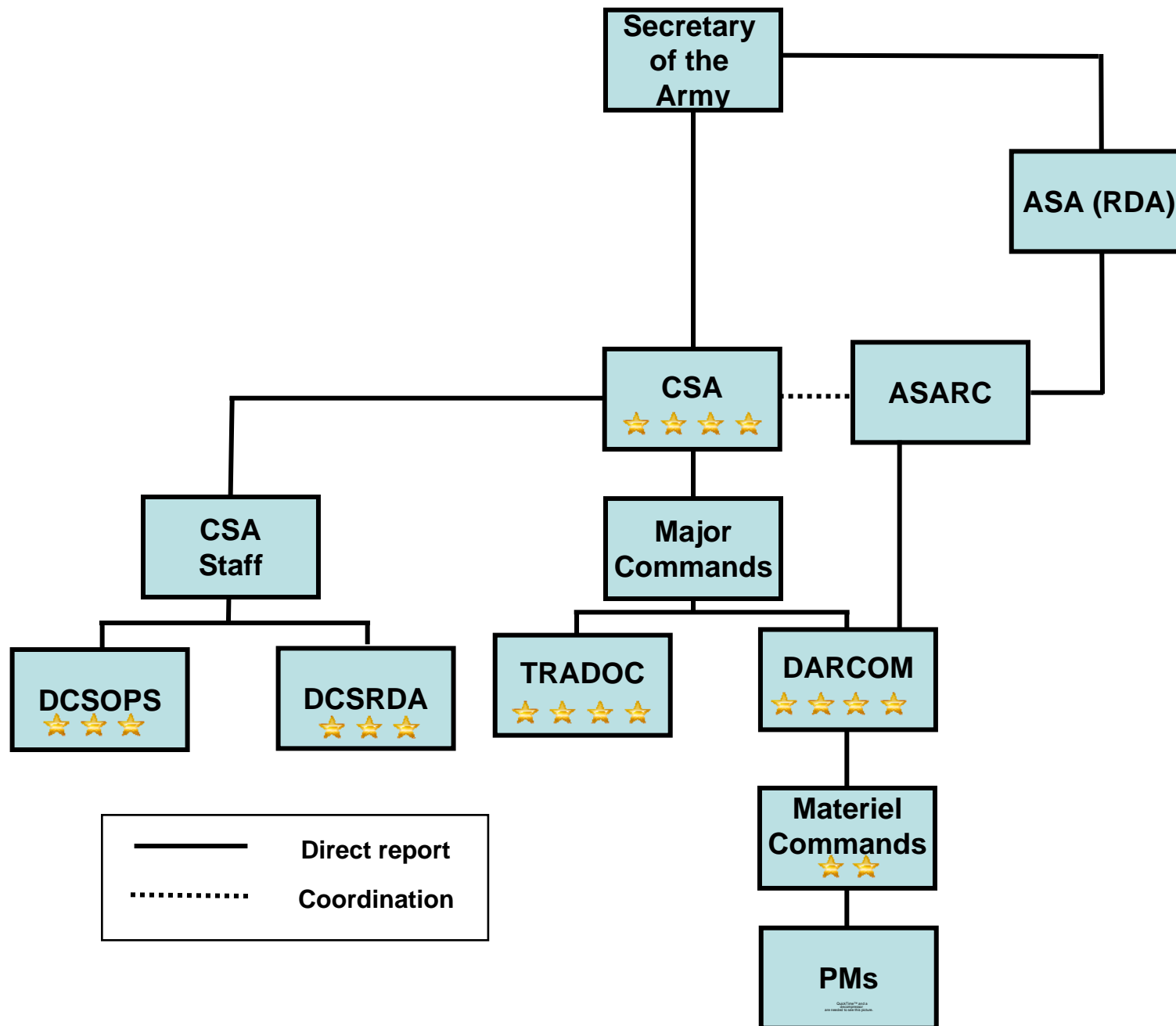
- **Army Director of Requirements**
- **Assistant Commander, Test and Evaluation, Naval Air Systems Command**
- **Assistant Deputy Chief of Staff for Installations and Logistics, Marine Corps**
- **Assistant Secretary of the Army for Acquisition Logistics and Technology (Army Acquisition Executive)**
- **Assistant Secretary of the Army, Research, Development and Acquisition**
- **Assistant Secretary of the Navy for Research, Development and Acquisition**
- **Chief of Naval Operations**
- **Commander in Chief, U.S. Atlantic Command**
- **Commander, Aeronautical Systems Division at Wright-Patterson Air Force Base**
- **Commander, Naval Air Systems Command**
- **Commander, Naval Air Warfare Center, Weapons Division (2)**
- **Commander, U.S. European Command**
- **Commanding General, Army Materiel Command**
- **Commanding General, Army Operational Test and Evaluation Command**
- **Deputy Assistant Secretary of Defense (Materiel Acquisition)**
- **Deputy Chief of Naval Operations (Logistics)**
- **Deputy Chief of Staff for Plans and Operations**

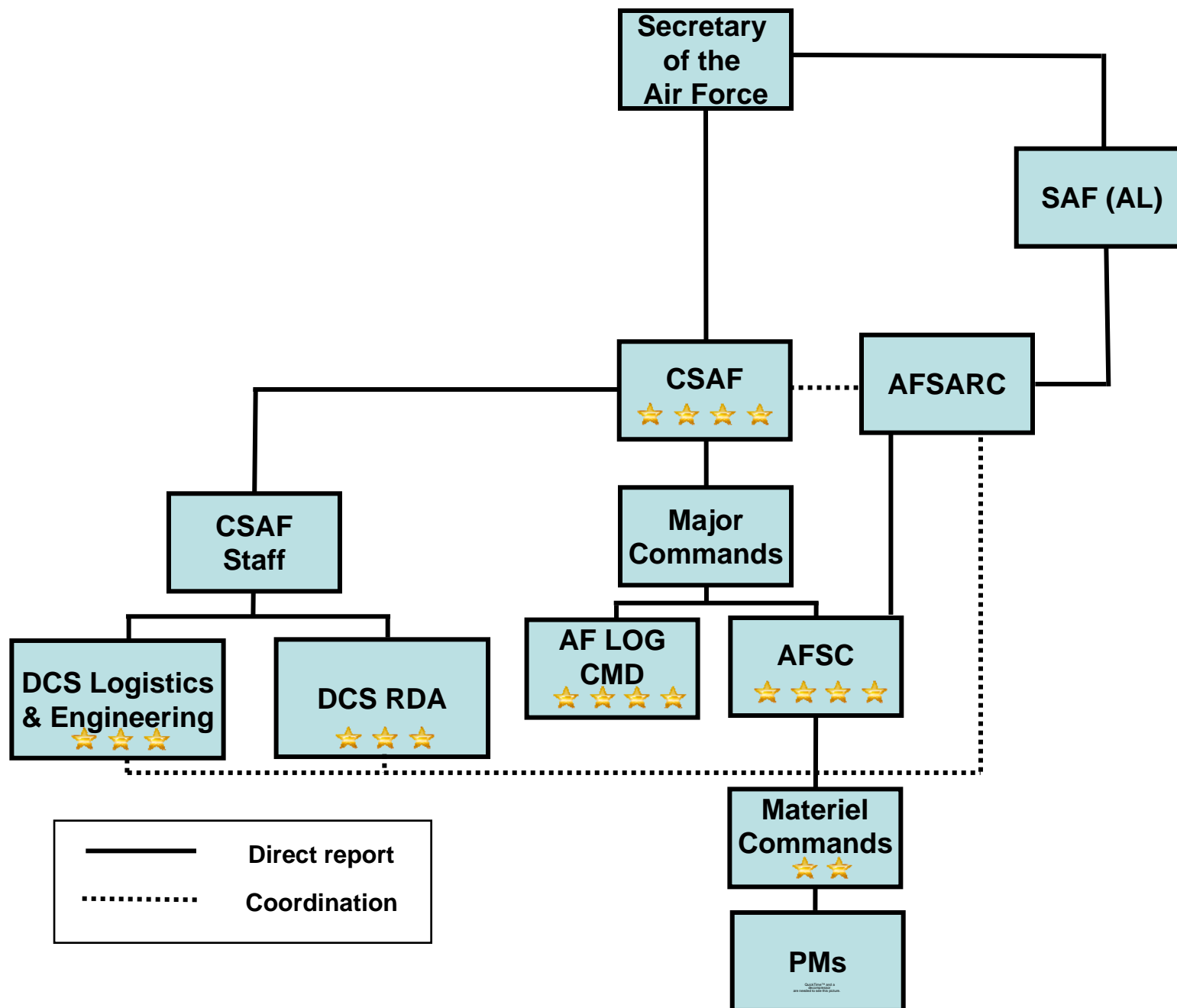
## *Significant Former Positions of Interviewees*

- Deputy Chief of Staff for Research, Development, and Acquisition
- Deputy Chief, Naval Materiel Command
- Deputy for Systems Management and Horizontal Technology Integration
- Deputy PEO, Tactical Aircraft Programs, NAVAIR
- Director of Air Force Operational Requirements
- Director of Defense Research and Engineering (Electronics)
- Director of Ship Research and Development, Naval Sea Systems Command
- Director of Tactical Programs in the Office of the Assistant Secretary of the Air Force for Acquisition
- Director, Acquisition Excellence Aeronautical Systems Center
- Director, Army Acquisition Corps (3)
- Director, Aviation Plans and Requirements Division
- Executive Director, Naval Air Systems Command
- Executive in Residence, DAU
- Military Deputy to the Assistant Secretary of the Army for Acquisition, Logistics and Technology (2)
- Military Deputy to the Assistant Secretary of the Army for Research, Development and Acquisition
- NAVAIR Assistant Commander for Test and Evaluation, and for Shore Installation Management
- Navy Program Executive Officer for Ships (2)
- Navy Program Executive Officer for Submarines

## *Significant Former Positions of Interviewees*

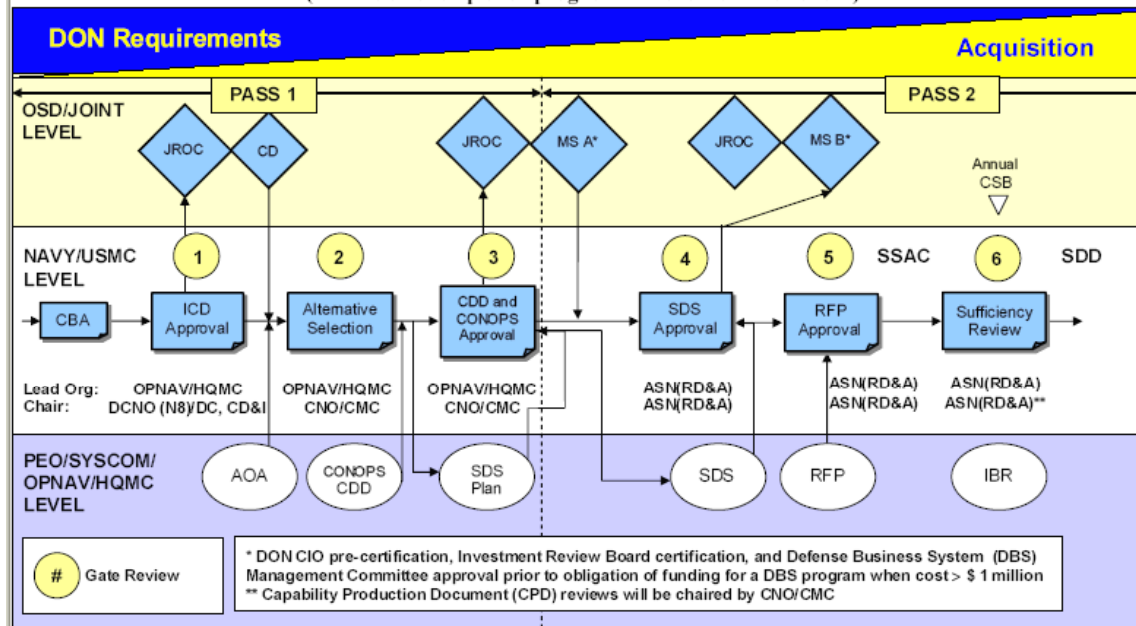
- **Principal Deputy General Counsel, Department of Defense**
- **Principal Deputy General Counsel, Department of the Navy**
- **Principal Deputy, Assistant Secretary of The Navy for Research, Development, and Acquisition**
- **Program Executive Officer, Air Force**
- **Program Executive Officer, Army (2)**
- **Program Executive Officer, Navy (3)**
- **Program Executive Officer, Tactical Aircraft Programs**
- **Program Manager, Air Force**
- **Program Manager, Army**
- **Program Manager, Navy (5)**
- **Secretary of the Air Force**
- **Secretary of the Navy (2)**
- **Under Secretary of Defense for Acquisition, Technology and Logistics (2)**
- **Vice Chairman, Joint Chiefs of Staff/Chair, Joint Requirements Oversight Council**
- **Vice Chief of Naval Operations**
- **Vice Chief of Staff, Air Force**
- **Vice Chief, Naval Sea Systems Command**







**DON Requirements/Acquisition Two-Pass/Six-Gate Process with Development of a System Design Specification**  
(illustrated example for program initiation at Milestone A)



Enclosure (1)

AOA Analysis of Alternative  
ASN(RD&A) Asst Secretary of the Navy (Research, Development and Acquisition)  
CBA Capabilities-Based Assessment  
CD Concept Decision  
CDD Capability Development Document  
CMC Commandant of the Marine Corps  
CNO Chief of Naval Operations  
CONOPS Concept of Operations  
CSB Configuration Steering Board  
HQMC Headquarters Marine Corps

IBR Integrated Baseline Review  
ICD Initial Capabilities Document  
JROC Joint Requirements Oversight Council  
PEO Program Executive Officer  
RFP Request for Proposal  
SDD System Development & Demonstration  
SDS System Design Specification  
SSAC Source Selection Advisory Council

SECNAVNOTE 5000